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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2488

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CONTENTS

COOPERATIVE TRADE AGREEMENTS AMONG CEMA MEMBERS

Joint Textile Machinery Production

Bonn IWE WIRTSCHAFTSDIENST in German vol. 24 No 36, 20 Oct 83 p 10

[Unsigned article]

[Text] Among the most recent examples of cooperation in the textile industry is that between the VEB Textima Combine and the Soviet Union. A spindle loom was developed which makes uninterrupted weaving possible. With the mass production of the new loom getting started, the final assembly is done in parallel in both countries. Cooperation with other CEMA countries has thus far led to the following results: Of the originally circa 1,000 basic types of textile machinery only a little more than 200 are left now. The coordination thus far in CEMA has been integrated in the work of the international economic association "Intertextilmasch." Pins and sheet bars are the most recent instances of cooperation. Such parts must meet highest standards at the high operational speeds. Moreover, a great number of variants are needed. For that reason the Textima Combine signed a production specialization contract with partners in the CSSR. At the same time, a government accord was signed with the Soviet Union on rationalizing the production of pins and sheet bars. Current efforts come down to clearing up the assortments in which the production of special machinery is to go by way of a division of labor. In the field of spinning frame equipment, the production of high-grade open-end spinning frames was arranged for in partnership with the Czech Elitex Combine. The testing plant of Weisstal is being operated together with the Czech combine. A contract has been signed with all CEMA countries on the further development of spinning frames. Thereby they hope to do better in pursuing international trends.

Albania-GDR Goods Exchange

East Berlin HORIZONT in German vol. 16 No 21, 31 Oct 83 p 14

[Article signed by Helmut Pohl]

[Text] The Socialist People's Republic of Albania has trade relations with more than 50 states. Among its most important trade partners, along with its neighbors Yugoslavia, Italy and Greece, are the CEMA states CSSR, Romania and the GDR. Foreign trade relations between the GDR and Albania follow a long and tested tradition. The first trade and payment agreement between the two governments was

signed in 1951 to be in effect for 5 years. Since then, long-term accords and their implementation have done well on the basis of concrete annual protocols. Import-export is going up.

Through the current agreement for 1981-1985, which envisages an import-export increase by more than 30 percent over the current 1976-1980 five-year period, the foundations were laid for further foreign trade development. Trade between the GDR and Albania proceeds in conformity with the needs and requirements of both sides and with strictly abiding by the principle of mutual advantage.

Among the GDR's main export commodities are machine construction products and production plants. In 1961, for instance, a copper dressing plant started operating in Albania the machines and equipment of which came mainly from the GDR. The Albanian railway network has been equipped to a large extent with signal and communications equipment from the GDR. In Albanian agriculture, GDR farm machinery plays an important role. One must also mention in this context GDR refrigeration equipment which is being used to improve further the Albanian storage management. For the ongoing reconstruction of its textile combines in Tirana and Korca, Albania gets its textile machines from the GDR. The W-50 trucks from the Ludwigsfelde IFA enterprise and the E-512 harvester-threshers from the VEB Fortschritt Combine are by now among the traditional GDR exports to Albania. On the basis of proportionate and well-balanced trade, the GDR gets goods from Albania which are of interest to industry and the supplying of the GDR population. Chromium ore and copper wire from Albania are especially important raw materials our industry needs urgently. The GDR appreciates Albanian cigarettes and brandy as much as spring potatoes and tomatoes and handicrafts.

Through the refining of domestic raw materials and including new products in their export program, Albanian industry and foreign trade enterprises seek to broaden their offers. Trade in 1985 is expected to exceed that of 1980 by 58 to 60 percent.

The Leipzig Fair is an important place for trading also for Albania. There, many export-import contracts are signed with GDR foreign trade enterprises and other trade partners of Albania. At this year's Leipzig Fall Fair, Erich Honecker, when the GDR party and government leadership made a tour through the Fair, at the Albanian booth expressed hopes for a good development of the cooperation.

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CSO: 2300/160

CEMA TO REACH AGRICULTURAL SELF-SUFFICIENCY THROUGH INTEGRATION

East Berlin INTERNATIONALE ZEITSCHRIFT DER LANDWIRTSCHAFT in German No 5, 83 pp 409-412

/Article by Dr U. Thiede, deputy director for Training and Adult Education, Academy of Social Sciences, CC of the SED, Institute for Economics of the Socialist World Systems: "Socialist Economic Integration - Requirement of an Intensively Expanded Reproduction in Agriculture"/

/Text/ The economic growth needed for the economies of the socialist countries and the community of the CEMA countries as a whole also requires the continuing increase in farm production, because the improvement of the peoples' prosperity and their material and cultural standard of living is significantly affected by the improvement of food supplies and the rising contribution of agricultural to the satisfaction of the national economy's need for raw materials.

The security of food supplies is therefore one of the most important tasks for the economic and social policy of the socialist countries. This is again confirmed by the latest resolutions and documents of the communist and workers' parties in the socialist countries. These state that it will largely depend on the development of farming whether economic and social policies can be successfully realized and the fulfillment of the main task reliably ensured in the 1980's.[1,2,3]

Taking note of this role and responsibility of agriculture, the communist workers' parties of the European CEMA countries have formulated the task to combine the greater utilization of the benefits of socialist economic integration with the further intensification of their various agricultural production and to raise yields so as to enable the currently required grain and feed imports to be replaced in a few years. They are thus pursuing the goal by the efficient utilization of the extensive production resources of the CEMA countries' agricultures to supply their peoples from their own resources to the largest extent possible and, in the long run, to import only such products from third countries as cannot be produced in the CEMA community by reason of climate.

In the European CEMA member countries the high road to the realization of this target is the ongoing resolute intensification and rationalization of production on the basis of science and technology and the full utilization of the enormous potential of farming. The first emphasis is therefore on the fuller utilization of our own resources. In the GDR and all other CEMA countries these have grown to a

remarkable extent. In the years 1978-1980 alone, for example, agricultural basic assets in the GDR increased by 29 percent. Available in 1980 for each employee of GDR agriculture were M74,000 worth of basic assets. In the past 10 years new industrialized facilities were constructed for 22 percent of the livestock held by socialist enterprises. Very large amounts of money were spent on land improvement. The hp engine deployment per hectare grew from 143 in 1970 to 185 in 1980, and in the same period of time mineral fertilizer use rose from 1,535 kilotons to 1,687 kilotons.

Production funds grew in a similar manner in the other European CEMA member countries. More efficiently to use this significantly increased output potential is an urgent requirement, because in agriculture, too, the European CEMA countries are confronted with the challenge to initiate the transition to largely intensively expanded reproduction in order to produce the necessary increase in farm output with steadily rising efficiency.

The need for this transition to intensively expanded reproduction does not arise only from some topical circumstances such as the increasing shortage of various production resources or the foreign political and foreign trade situation, and so on. That would be too simple because, if it were so, we might eventually return to extensively expanded reproduction once circumstances were to change again. Instead we are dealing with the early stages of a very prolonged historic process involving the evolution of a qualitatively new type of reproduction that arises mainly from the changed new reproduction conditions of the CEMA countries' economies, especially the developed material-technical basis of socialism and the requirements of the scientific-technological revolution. And this is bound to be essentially intensively expanded reproduction, because in the conditions of the organization and perfection of the developed socialist society the necessary economic growth must be achieved mainly by the improvement of the efficiency of production and productivity, due to the stage of economic development. Otherwise it will not be possible

-- Steadily better to satisfy the growing material and cultural needs of the people,

-- Continuing fundamentally to improve the material-technical basis, and

-- Successfully to conduct the class conflict with imperialism.

What Are the Greater Challenges of Intensification in the 1980's?

The central consideration is the improvement of the land's productivity, because the land is the chief means of production for agriculture. Karl Marx said: "Labor is not the only source of use values, the material wealth produced by it. Labor is the father...and the land its mother."[4] This dictum has particular significance for agriculture. To make this means of production more effective, steadily better to utilize it--this presumes to begin with "many other tools and a relatively advanced development of the labor force."[5] Marx considered a significant aspect of intensive cultivation "the concentration of capital on one piece of land instead of its dilution to neighboring tracts."[6] As Lenin stated in his "New Data on the Developmental Laws of Capitalism in Agriculture," this also includes the "transition to advanced systems of cultivation, greater use of artificial fertilizers, the perfection of appliances and machines, their increasing utilization."[7]

Secondly, and in accordance with the operation of the law on the management of time, it is imperative rationally to use the resources available so as "to produce more with the same amount of labor, the same or more with less labor,"[8] in other words generally to make the means of production more effective.

These perceptions of the classics of Marxism-Leninism have fundamental significance for the continuing intensification of farming in the European CEMA member countries. In the 1980's their new quality will be characterized in particular by

-- The speed-up of scientific-technological progress, especially in the fields of mechanization, chemicalization, irrigation and drainage, breeding as well as storage, conservation and the rational processing of products as the supreme factors of the intensification of farm production,

-- The gradual transition to the largely fund conserving type of intensively expanded reproduction so as to achieve the necessary growth in farm output at a better cost/profit ratio. Here two demands clash: On the one hand some intensification requirements--such as the continuing increase in output, mechanization to abolish still heavy manual labor, the necessary substitution of embodied for live labor and the closing of present mechanization gaps have the effect of increasing funds; on the other hand it is necessary in agriculture also to produce while conserving funds as much as possible. It is of crucial importance for the fund conserving processes to gain ascendancy in the reproduction process,

-- The improvement of the efficacy of production funds, especially the land and livestock, but also other means of production such as machinery and plant, seed and seedlings, manure, herbicides, feedstuffs, and so on. This will help the fund conserving processes begin gaining ascendance over the fund increasing processes, so that intensively expanded reproduction may increasingly prevail in the entire national economy.

For the majority of the European CEMA member countries these new demands on the intensification of farm production arise from the fact (among others) that it is no longer possible to extend the agricultural area, the extent of deliveries of industrially manufactured means of production for agriculture cannot be significantly increased for economic reasons, and that large reserves are available with regard to the utilization of the means of production actually at the disposal of agriculture.

It is therefore imperative for the measures required for the further intensification of farm output, such as the continuing perfection of mechanization, chemicalization, irrigation and dranage as well as the improvement in the productivity of breeds of plants and animals to be closely linked with

-- The better utilization of the latest scientific findings in the sphere of the natural sciences, technology and management,

-- The efficient use of the means of production such as production buildings and plant, machinery, tractors, combines, feed, manure, and so on,

-- The rational deployment of manpower as the most important condition for improving labor productivity,

-- The comprehensive socialist rationalization of production, from the improvement of job operations to the automation of some production processes,

-- The rational deployment--geared to the greatest possible productivity and efficiency--of the investment resources available; in this context even the means for the simple reproduction of basic assets must yield productivity and efficiency growth.

All these measures must be carried out together and at the same time, because it is not enough to do the one or the other. "Conserving live labor and materials, better to utilize available basic assets and investments"[9] --only in conjunction with the other intensification factors will this bring about increased output and greater efficiency and, therefore, the necessary improvement in the cost/profit ratio. In agriculture, too, the growth of production will have to be largely the result of improved efficiency.

In the interest of the further growth of farm output in all European CEMA member countries and the power of the community, it will be necessary steadily more to emphasize these intensification factors. In the current international situation, especially in the interest of the successful competition and class conflict with imperialism, the sure supply of food to the public and of raw materials originating on the farm to industry is not only a direct concern of each individual CEMA member country but a common task for the CEMA community. We note that this can be done more effectively now in view of the current standard of development of the productive forces by the utilization of the benefits of the international division of labor, especially the specialization and cooperation of production among the CEMA member countries.

Socialist Economic Integration--Important Condition of the Ongoing Speeded-up Intensification of Farm Production

In its program the SED emphasizes that the deepening of socialist economic integration, especially the steadily closer tying in of the GDR's economy with that of the USSR, is of the utmost importance for the successful development of agriculture.[10] This is also in accordance with the targets of the "Complex Program for the Further Deepening and Perfection of Cooperation and the Development of Socialist Economic Integration among the CEMA Member Countries" and the long-range target program in the field of agriculture and the food industry. These documents assume that the productive forces as well as the production conditions in the European CEMA member countries have achieved a high standard, that labor is increasingly more socialized in farming and the industries involved with it in food production, and that this has raised the international division of labor and cooperation to the status of an objective requirement. This applies to research, development and breeding as much as to the production of means of production and selected agricultural products.

What are the measures of international cooperation likely to exert a lasting influence on the intensification of farm production?

1. The industry manufacturing means of production provides the decisive material prerequisites for the intensification of agricultural production. That is why international cooperation among the CEMA member countries must be deepened to raise

agricultural output especially in this sphere; by deepening production cooperation here, the most lasting influence can be exerted on the ongoing intensification of food production in all CEMA member countries.

When further developing machine systems, plants, technologies and processes for the continuing rationalization and mechanization of farm production, we are not merely concerned with more equipment but, above all, with the development of machinery and plant likely to aid us increase farm output and rationalize labor processes in the interest of raising labor productivity and easing heavy manual labor. The need for cooperation here is obvious, because it will enable us by the division of labor or in close cooperation all along the line to advance toward the provision of the equipment necessary for agriculture and the food industry. Parallel developments tend to fragment research and development capacities; they slow down technical development.

The benefits of international specialization and cooperation for the production of farm machinery, tractors, land improvement facilities, livestock facilities, transportation and storage equipment should be better used than has been the case hitherto. It would be useful, for example, if some countries were to specialize in some types of farm machines or tractors of one performance class or special function. The GDR and the USSR have recorded good experiences as a result of the USSR's turning out heavy tractors for the GDR as well as for itself while the GDR produces for the USSR industrialized plants for livestock, such as dairy plant, cages for intensive poultry keeping, and so on.

There is a great need to catch up with regard to the development and production of efficient transportation and warehousing equipment as well as modern processing machinery. Specialization and cooperation in the development and manufacture of such equipment could substantially reduce the losses still occurring in this sphere and significantly increase the supply efficacy of the products of agriculture. A corresponding result would be tantamount to an increase in output.

The development and production of herbicides and chemical substances for farming offer a wide field for international specialization and cooperation. There are many such products, and the quantities required are often so small that specialization would be of the greatest benefit for all those involved. It would therefore be very useful indeed for the intensification of farm production to further expand the scope of the "Interchim" international economic organization and for the countries concerned to further materially secure it.

2. Breeding greatly affects the increase in farm production. It enables us at stable production costs to achieve a significant rise in hectare yields and the productivity of livestock. This holds good for all crops and livestock but, at the present time, is of particular importance for grain and feed production. Progress in this field would enable us by 1990 so to raise grain and feed production in CEMA that the grain imports now needed could be entirely abandoned.

The proper approach has been demonstrated by the good experiences of grain breeding. In recent years specialization and cooperation in this field have yielded several high-yielding varieties of wheat and other crops.

In animal husbandry our common efforts must be directed toward providing a better breeding basis for the livestock and substantially increasing livestock capacity and feed utilization. It would therefore be useful even more than hitherto to emphasize the breeding and reciprocal supply of high-capacity sires or the exchange of the sperm of proven successful sires. This would enable us more rapidly to improve breeds and raise output in all European CEMA member countries.

3. The better utilization of the most favorable locations and climatic conditions also contributes to the growth of farm production. It would therefore be highly beneficial for all concerned if the opportunities of international specialization were to be emphasized more in this field also by tending to concentrate at the most favorable locations the crops and varieties that yield more in particular soil and climatic conditions. This applies especially to the augmentation of seed with respect fo small granular 'egumes, to vegetable and lower seed, medicinal plants and spices, corn and other crops that enjoy a far higher yield at selected and favorable locations.

To be far more heavily utilized are the opportunities for reciprocal trade in products that cannot be cultivated at all in some countries by reason of climate, such as cotton, grapes, peppers, peaches, citrus fruit, and so on. This would improve the supply for the public from CEMA's own resources.

4. Scientific-technological cooperation also--and certainly not least--offers enormous opportunities for speeding up scientific-technological advances and, thereby, the increase in the grown of farm production. At the current stage of the development of science and technology there is an objective necessity in the field of agriculture, too, to coordinate the CEMA countries' scientific-technological efforts and gradually to concentrate on standardized tasks. This will provide an important prerequisite for the speed-up of scientific-technological progress and the avoidance of parallel research. Coordination centers offer excellent conditions for this. However, disregarding the importance of coordination centers, cooperation in the field of research should not be confined to the coordination of topics and assignments. The increasing social division of labor within the scope of CEMA requires even more intensive research cooperation, larger dimensions of scientific-technological cooperation. The best approach has been the transition from the coordination of research assignments to the common and efficient utilization of the available scientific potential by the formation of joint research collectives as well as the deepening of the division of labor and specialization among the research establishments. We have learned in recent years that lasting economic results are achieved wherever the association of scientific-technological efforts of the CEMA countries is preceded by integration in the sphere of production.

In the foreground of the common or shared research on a bilateral or multilateral basis is the creation of the scientific foundations for the breeding of new high-capacity varieties and hybrids of farm crops, the production of the most important breeds of farm livestock and the improvement of soil fertility. This has a definite effect on the increase in yields and performance. Work such as that achieved by the Odessa coordination center with regard to the breeding of wheat and barley varieties contributes to the speedier introduction of new varieties and hybrids to production, for the benefit of the partners involved. By these means we achieve improved yields, greater labor productivity and a reduction in prime costs. Of

particular importance are joint efforts in protein research, because one of the most crucial prerequisites for the needed growth of livestock production and, consequently, the satisfaction of the demand for food from our own yield, is the assured supply of feed protein.

As far as the food industry is concerned, we must increasingly tackle tasks with respect to the better utilization of raw materials, lower production costs, improved quality and more varied assortments. Here also it is no longer enough to synchronize and coordinate our work and exchange documents. In the interest of greater efficacy and as per the provisions of the long-range target program for agriculture and the food industry, agreements must be concluded or expanded, that--by utilizing international specialization and cooperation

-- Will perfect equipment and technologies for the complex processing of agricultural raw materials at a higher scientific-technological standard, and

-- Will develop and introduce new production processes for the manufacture of qualitatively better foods coupled with less raw material use and at lower production costs, and will significantly reduce losses.

The accomplishment of these tasks is of the utmost importance for the further intensification of farm production and, consequently, the improvement of food supplies to the peoples of the CEMA member countries.

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ENERGY CONTRIBUTIONS, USES AMONG CEMA MEMBERS

East Berlin NEUE ZEIT in German 16 Nov 83 p 5

[Response to reader question signed J.H.: "Energy More Effective Through Cooperation"]

> [Text] One of the things the last CEMA Conference concentrated on in Berlin was more joint efforts to solve the energy problems, especially a more rational use of energy. I would like to know how much energy is altogether being produced in the fraternal countries and what the proportion of nuclear energy is.
>
> Ernst-Otto Briens,
> Schwerin,
> Makarenkostrasse 40

The member countries of the Central Energy System South (ZDV) in 1982 produced a total of 681.8 billion kilowatt hours of electric energy, 2.4 percent more than the year before. That breaks down as follows: Bulgaria, 40.3, Hungary 24.3, GDR 102.9, Poland 117.6, Romania 68.8, USSR (in terms of its ZDV share) 253.2 and the CSSR 74.7 billion kilowatt hours. Mutual shipments in 1982 came to a total of 32.8 billion kilowatt hours.

Total installed capacity of the power plants of the ZDV [also called "Central Dispatch Administration"] member countries at the end of 1982 came to 147,770 MW, broken down as follows: Bulgaria circa 9,500 MW, Hungary 5,650 MW, GDR 21,887 MW, Poland 26,840 MW, Romania 16,909 MW, Soviet Union (in terms of its ZDV share) 48,000 MW and the CSSR, 18,920 MW.

In the nuclear power plants of the CEMA countries involved, several new energy blocks were put into operation. The installed total capacity of the nuclear power plants in Bulgaria, Hungary, the GDR, the USSR and the CSSR by the end of 1982 came to 223 million kilowatt hours, their annual electric energy capacity to 130 billion kilowatt hours, roughly an equivalent (fuel value) of 40 million tons of unity fuel. The Chmielnicki nuclear power plant in the Ukraine is building a 750-kV electric energy line to the Polish town of Rzeszow.

Because electric energy can be moved over large distances, it is possible to produce it where it is most advantageous. Thus in 1980, the 750-kV line Vinnitsa-Albertirsa (USSR-Hungary) was completed. It cost 200 million rubles but obviated the construction of a 1.500-MW power plant that would have cost twice as much.

Energy transfer permits load redistributions in the system and optimizes local outputs. Power plants in various time zones can supply each other with excess energy in peak periods. In the past, the CEMA countries had to holdup to 10 percent of their energy capacities in reserve for peak periods, today circa 3 percent is enough. ZDV has saved the CEMA countries involved the construction of many new power plants. This is a special form of international division of labor and cooperation.

ZDV also makes energy much more effective. The potential has been boosted. It can all be done more economically. The national official dispatch centers are coordinated. Hundreds of important power plants are working together.

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EXPANDING ROBOTIZATION IN SLOVAKIA REPORTED

Bratislava NEDELNA PRAVDA in Slovak 21 Oct 83 pp 4,5

[Article by Dusan Petrak: "Robots Walk Out of the Shadow"]

> [Text] "The most progressive areas of electronics and microelectronics, complex mechanization and automation can only be developed through R&D. R&D helps to eliminate hard physical labor, introduces progressive technologies, contributes to better management and work organization. We are deeply convinced that solving these problems will become a matter of pride and civic honor to our researchers, designers and the entire scientific and technical intelligentsia," emphasized G. Husak at the 16th CPCZ Congress.

One does not need exceptional imagination in order to imagine industrial plants in the near future. Hard physical labor will be almost eliminated. A person who now must perform complex or monotonous tasks will only control them. His place will be taken by industrial robots and manipulators. During the last decade these modern helpers have gone through dynamic development everywhere in the world.

From the beginning of this 5 year plan period, Presov has been justly called "the city of robots," because the idea of Czechoslovak industrial robots and manipulators has been connected to the Research Institute of the Metal-Working Industry [VUKOV] from the very beginning. However, this honor has also been associated with immense responsibility. The institute has overcome a number of problems and the very first fruit of its efforts has been recorded in the book of success: this was the PR 16 air-operated industrial robot. Its considerably younger brother, the much improved PR 32 welding robot with electric drive, is on its way to success, too. However, the world of industrial robots and manipulators is changing fast and every success soon fades away; as the saying goes, what was good yesterday will not suffice today.

"Our R&D program is derived from the state technology policy program for the Seventh 5-Year Plan and Czechoslovak Government Resolution No 211 of 1981, concerning the principles of robotization development," says VUKOV director

Eng Vladimir Cop, Candidate of Sciences. "The State R&D Problem No A07-124-102, Adaptive Industrial Robots and Manipulators, is our most important research objective for this 5 year plan."

In other words, the institute observes literally the saying mentioned above. The very first 2 years of working on this state problem have brought their fruits. The development of the AM 1-T manipulator, designed for manipulation with pressed pieces in flat forming, has been completed and the institute workers have equally well solved the design of the M 40 manipulator, which will replace human hands in handling large flat products. A very successful and effective development of the RS 1-C control system can be added to this list.

All of that is undoubtedly great success; however, now every person involved takes the development of adaptive industrial robots as a standard for measuring the institute's success. Why?

"This new generation of robots will be more integrated in the technological process than their predecessors," explains the robot design division manager, Eng Anton Palko. "For example, a robot designed for welding will find the place where welding should begin or continue quite by itself. Apart from welding, these robots will find applications in mechanical engineering, electronics, electrical engineering and a variety of assembly work."

A person who is lucky enough to get as far as the VUKOV's "thirteenth chamber," the prototype workshop, can boast that he was one of the first people to see this priceless helper to man. As early as at the end of the last year, the institute successfully finished the development of the APR 20 industrial robot's selected junctions and completed the design of the AM 80 automatic manipulator for spot welding and the operation of electrothermal equipment. That was not all. The conception of research and development for another adaptive robot, capable of manipulating loads weighing up to 2.5 kg and substituting for man in assembly work, was given a concrete form.

But this is not the last success on the way to the fulfillment of the Seventh 5-Year Plan's objectives. The institute has also been successful in developing auxiliary equipment, such as the ZL 500 large-capacity shave container, which replaced human labor in Kovosmalt Filakovo. The institute also developed other peripherals: a shaft container, a flange container and an advancing-revolving unit. In the area of interoperation transportation vehicles, the institute completed the development of a walking transporter, and the functioning model of a suspended automated transport line was successfully tested. If somebody wants to hear even more, we can talk specifically about some more tangible economic contributions. According to the plan, three modular automated working stations have been constructed. The first one, a working station for die casting equipped with an MTL 10 manipulator, can be admired in METALIS in Nejdek; a forming working station equipped with an M 4 manipulator can be seen in KOVOSMALT Filakovo; and a working station for machining equipped with a PR 16 industrial robot was put in operation in ZTS Kosice. All these efforts and results are precisely what was characterized at the Eighth Session of the CPCZ Central Committee in June as "continuous and fast dynamism of the innovation activities."

"One of the significant results of our R&D activities is the meeting of the obligations resulting from contracts signed between the CSSR and the USSR concerning joint development of AM 5, MTL 10 and UM 160 manipulators," continues Comrade Cop. "We implemented the intentions of international R&D cooperation by experimental manufacture of the prototypes of these manipulators and by testing them both under semioperational and operational conditions. The tests were attended by experts from the Soviet Union. Now we already know that the AM 5 manipulators will be manufactured in the Industrial Automation Plant in Presov and MTL 10 and UM 160 manipulators in Vihorlat Snina. In the area of international R&D cooperation, the elaboration of a complex program for R&D cooperation with the Soviet Union is most important. The program will become a part of state R&D problem No 07-124-102. Thus the programs for solution of this problem will be extended, in agreement with the directives from the Federal Ministry for Technical and Investment Development and the Federal Ministry of General Engineering."

The complex program for R&D cooperation between the CSSR and the USSR has been under way for 2 years, but there is still a long way to go. In order to accelerate the achievement of this program's ultimate goal, the development and introduction of flexible robotized manufacturing systems, this problem was assigned to PKTK Robot, a project and design department in VUKOV. We expect Soviet experts to participate in solving joint research assignments in Presov on a long-term basis. At present, a proposal for an agreement for establishing a joint work site and its program has been prepared and discussed. The work site will be oriented toward designing flexible manufacturing systems for machining rotary pieces, flat forming, automation of assembly work and other operations as needed both in the CSSR and the USSR.

At the same time we have R&D cooperation with other CEMA countries. The Thematic Plan of the Czechoslovak-Bulgarian Permanent Working Group for Industrial Robots and Manipulators resulted in an exchange of samples, and exchange visits of designers were arranged before the end of 1982. The designers studied and worked on the unification of portals and mobile mechanisms of PIRIN (Bulgaria) and M63 (Czechoslovakia) portal manipulators and on joint design development of some means of interoperational manipulation.

An agreement between the governments of Czechoslovakia and East Germany is being prepared, based on the objectives following from the 34th session of the Joint Committee for Economic and R&D Cooperation. The draft of the program following from this agreement assumes cooperation in the development of robotized technological working sites and manufacturing lines designed not only for general and heavy engineering and electronic industry, but also for chemical, woodworking, food, glass and other industries.

R&D cooperation with Poland, Hungary and Romania is also being developed. Cooperation with Poland is oriented primarily toward design and mutual supply of automated work stations equipped with industrial robots and the development and manufacture of peripheral equipment. Cooperation with Hungary requires active participation in the supply of automated work stations in the area of die and permanent mould casting technologies, surface treatment and manipulation in the glass industry. Cooperation with Romania is expected to improve our supplies of unidirectional electric drives and gears.

"The high demands of our objectives are reflected in the work of our party organization," says Eng Milan Damits, Candidate of Sciences, party chairman and science secretary of the institute. "As we are fulfilling the plan objectives stipulated by our supervisory agencies as part of the state goal-oriented program, the demands on the work of the party are growing in terms of enforcing the leading role of the party and deepening the ideological and active unity of our local organization in all areas of our activities. The leading role of the party is being ensured through the entire efforts of the local communist party organization, party groups, communist members of the institute's directorate and social organization, as well as in the institute's economic and political life."

The communists in VUKOV perfectly understand their important position in the struggle for the future. At the last annual party meeting, they expressed their understanding in a brief statement: "Although our results are good, we must concentrate more on the quality level, the effectiveness of particular products, and must eliminate subjective factors." It is a matter of their communist pride that they do not remain silent about the shortcomings in the institute's work. At their party meetings they openly name those who caused a delay in the manufacture of functioning samples, prototypes and testing. They are worried by the low number of industrial robots and manipulators introduced in manufacture, their unstable technological-economical parameters, delays in the progress of the third institute's construction and the problems of material and technological supplies for manufacture, research and operation units.

"Experience teaches us that we must pay more attention to the work of party groups," says Comrade Damits. "Each party group follows a 6-month plan designed to enforce the party's leading role in a particular division, controls and influences the activities of these divisions and helps in solving problems as they arise. Two years ago we began to introduce new methods for controlling party groups. According to the work time schedule, the committee discusses the efforts of every group twice a year and at least once a year organizes joint meetings with all party group leaders. We have been equally successful in adjusting the 'main link method' to specific practice of fulfilling our research assignments. For example, the problems related to the quality of R&D and implementation efforts were solved at the institute-wide Party Day of Quality Evaluation in April 1982. The results of quality and reliability analysis were used to determine directions and methods for the following period."

This is truly the only right way forward. It has been demonstrated also by the activities of the institute's socialist youth organization, which about a year ago was selected by the Central Committee of the Slovak Communist Party the best youth organization in Slovakia, receiving the Red Banner. The present direction and success of the youth organization is the result of the efforts by communists and party's membership candidates who work in the organization.

"All activities of our socialist youth organization were closely related to the fulfillment of the economic tasks of the institute and the political line drawn

by our local party organization," reflects Eng Frantisek Ivanko, chairman of the local Socialist Youth Union [SZM] organization. "We are trying to apply forms of activities, typical for socialist youth organizations, such as 'the Leninist role,' the well-tried experience of the Leninist Komsomol. Last year we approached this problem as a series of activities called 'Two Congresses'--sharing our goal and the results obtained from these activities were then recommended to the institute's management for application in fulfilling the economic objectives. The members of the Youth Union investigated the effects of robotization on raw and processed materials and energy conservation. They studied the universality of peripheral equipment as a condition for higher efficiency of robots and manipulators introduced in manufacture and they also significantly contributed to complex technological-economical evaluation of the application of robots, manipulators and automated work stations."

We are now accustomed to hear that young people initiated almost every positive effort in our institute. However, the secret of their success is not only in their immense initiative and willingness to spend nights trying to solve an apparently small problem, but also in the combination of their youthful vigor and the knowledge and experience of their elders. Only in this way could Eng Igor Marcin grow to become the chief designer of industrial robots and manipulators. Only in this way was Eng Milan Zipaj's political and professional profile born and formed. Nominated by the socialist youth organization, Eng Milan Zipaj was awarded the state distinction "For Excellent Work" by the president of the republic on the eve of the Third Congress of the Socialist Youth Union.

New daring deeds, worthy of socialist youth, stepped out of the institute's gates together with industrial robots and manipulators. Our socialist youth activists were standing at the birth of Socialist Youth Union sponsorship over accelerated introduction of robots and manipulators in practice, announced a year ago at the Congress of the Socialist Youth Union in Slovakia. To support the sponsorship, socialist youth organization members opened their own consultation center, designed to help socialist youth organizations from the manufacturing area with robotization-related problems. History will certainly assign them a place of honor among initiators for establishing the robotics and robotechnology section at the Slovak Central Committee of the Socialist Youth Union.

"What next?" we asked the chairman of the SZM local committee. "It is one thing to form initiative teams and combat formations, but their combat assignments are yet another thing, much more important."

"Tangibility has always been the alpha and omega of our SZM activities," answered the chairman without hesitation. "For example, this year we revised and modified the RS 1-C electric control system and applied it to the MTL 10 manipulator well before the deadline and thus we reduced the preliminary limit of its wholesale price by 20 percent. Our designers will actively participate in the assembly and testing of the APR 20 adaptive robot's functioning model and will help to finish its drawings before November of this year and the technological discussions before the end of this year, so that the manufacture of the prototype can begin in March next year. Thus the work schedule will be

considerably shortened. As far as international cooperation with the Soviet Union is concerned, we can boast since our SZM members are responsible for four sections of our production."

Last year we received reports from the manufacturing area that robotization is useless because industry is not interested in PR 16 robots. However, the error did not lie in the manufacture of industrial robots and manipulators but with their introduction. The research, development and in some respect even the manufacture of robots and manipulators are so to speak ahead of our times or, more precisely, ahead of work station designs.

According to the Seventh 5-Year Plan breakdown for individual years, 920 automated technological work stations equipped with industrial robots and manipulators should be assembled only in the area controlled by the Federal Ministry of General Engineering. An additional 460 work stations are expected to be built in metallurgy and heavy engineering, 125 work stations in the electrical industry, 104 work stations in the area controlled by the CSR Ministry of Industry and 83 in the area controlled by the SSR Ministry of Industry. What is the situation, though?

Let us take a look at the area under the Federal Ministry of General Engineering. A total of 237 robotized work sites were built before the end of 1982, which means that in the remaining 3 years we still have to design and build 683 work stations. However, the situation is not at all favorable, because more than 300 planned work stations still have no clear design. Here lies the hidden answer to the alarming reports from the robot manufacturers in Presov. The logical answer undoubtedly is that it would be wasting money to buy a robot or a manipulator before the automated work station is fully designed. However, the pace of robot and manipulator production cannot be retarded. A total of 384 industrial robots and manipulators, including manually operated ones, left production halls in 1981, which was more than 100 more than prescribed by the plan. This year's plan calls for 592 robots and manipulators; however, as many as 750 pieces are actually expected. In 1985, the annual production of robots and manipulators should exceed 1,000 pieces for the first time. During the entire Seventh 5-Year Plan period we expect a total production of 3,735 robots and manipulators, which will be 200 pieces more than prescribed by the directive. The expectations for the Eighth 5-Year Plan period are truly fascinating: 12,500 industrial and manual robots and manipulators are expected to be produced between 1986-1990.

The development, production and introduction of industrial robots and manipulators can still be called a baby in its cradle. The first results of their application both in our country and abroad have brought many flaws to light.

For instance, experience has shown that the efficiency of the application of robots and manipulators in manufacturing processes must be re-evaluated and robots and manipulators should be employed in groups rather than individually. This requirement has been expressed in the state assignment called Group Employment of Industrial Robots and Manipulators. We are expected to begin to solve this assignment in 1984. It is also required that robotization cover a substantially wider range of technologies than had been planned. Robots and manipulators should be used in surface treatment and assembly works.

Eng V. Cop, Candidate of Sciences, adds a few new points to our discussion: "The development of industrial robots and manipulators in the CSSR must be directed to further unification of the robot and manipulator unit construction, their higher reliability, the degree of their artificial intelligence, the development of specialized manufacture of high-quality assembly modules and parts of industrial robots, manipulators, information-control systems and auxiliary manipulation equipment for robotized complexes of various degrees of integration and technological application."

However, our designers have other problems to think about and opportunities to invent. Czechoslovak robots and manipulators are built almost exclusively of assembly modules of domestic production or those manufactured in CEMA countries. To keep the principal conception of industrial robot and manipulators' manufacture on the domestic module basis will inevitably require good plans for improved reliability and quality of the assembly bases in individual industrial areas participating in their development and manufacture. The employment of industrial robots and manipulators in manufacture represents an equally varied series of problems. Despite new project investment actions, we did not succeed in introducing this new, progressive technology. At present, only individual robots with low levels of automation are employed and the systems are relatively simple. "This practice must be changed and whole groups of robots and manipulators must be introduced instead," emphasizes VUKOV's director, not without bitterness. "We must design more progressive technological complexes and more complex manufacturing configurations. Only in this way can we increase the efficiency of expensive automation equipment."

However, the lack of interest in the new technology is not the only aspect to be blamed. The causes are more complex and deeper. For instance, 460 automated technological work stations equipped with industrial robots and manipulators are supposed to be built in the area controlled by the Federal Ministry of Metallurgy and Heavy Engineering. However, only 39 had been built before the end of the last year. Projects have been prepared for an additional 32 such work stations, but the construction of the remaining 389 work stations is in jeopardy, since there is a lack of industrial robots and manipulators suitable for metallurgy and heavy engineering. Other industrial areas are experiencing similar problems.

Now somebody may ask: Why do we not just give up the entire program, when the implementation is so complicated? And he may even add: We have done without robots until today, we can do without them tomorrow as well.

The Eighth Session of the CPCZ Central Committee gave an unequivocal answer to such doubts and harmful opinions: "The principle that science and technology must become the very axis of our plans is not only the fundamental principle of our planning activities but also an objective condition for our long-term development." In addition, the development and use of industrial robots and manipulators and their wide application in order to save labor, particularly to eliminate physically demanding work or work in harmful environments, have been determined as one of the decisive directions of our efforts.

The causes of this negative approach to this problem cannot be seen in obstinacy or--as our slanderers sometimes suggest--in just imitating the technological progress in advanced capitalist countries. The economic effectiveness of automated technological work stations equipped with robots and manipulators testifies of the correctness of our efforts.

"On the average, the cost of an automated technological work station ranges between Kcs 700,000 and 800,000," explains the deputy director of VUKOV, Eng Jan Zan, Candidate of Sciences. "High capital expenditures and other costs related to the construction of an automated technological work station equipped with industrial robots and manipulators negatively affect the economic effectiveness of work sites. They are caused by the high prices of industrial robots, manipulators and their peripherals produced individually and requiring costly design and construction work. Experience has confirmed that individually employed automated technological work stations have very low economic effectiveness. Therefore, the entire organization of the automated technological work station's environment, a higher number of shifts per day and reduced waste of time during reprogramming or breakdowns are essentially important for increased effectiveness."

This has been proved by individual economical indices recorded at an automated technological work station operated in two shifts. On the average, the cost of replacing one worker is Kcs 350,000 to 450,000. However, the productivity will increase by 20 to 50 percent, provided the robot works in two shifts. Per one industrial robot or manipulator, we save on the average 1.5-1.8 workers and Kcs 130,000 to 400,000 in production costs annually. The payback of an automated technological work station ranges between 3.6 and 7.2 years. These facts have been verified by experience and they clearly prove the effectiveness of automated equipment, particularly in the context of the imperative requirement of the intensification of our national economy.

While discussing the report on the elaboration of the conception of industrial robot and manipulator manufacture development with regard to the international conception of robotization in CEMA countries, the Presidium of the Czechoslovak Government stated that "a significant development in scientific and technological efforts in robotization has been achieved and we are catching up with the development elsewhere in the world."

Czechoslovak industrial robots and manipulators are really coming out of the shadows. They are walking into our plants and enterprises, to relieve man of his burden, to replace his hand by their metal arm. Soon a robot will take over human duties in automated distribution of pressed sheets for continuously working belt-line or sizing rafters in Bukoza Vranov. Another robot will begin to weld dam cross-bars in Vagonka Poprad even before the end of this year. We are coming closer to the day when we will cut a ribbon in a fully robotized plant or operation, where man will only control "wise" machines. The workers in MEZ Michalovce are the first to get ready for such an event; 50 robots and manipulators will almost independently manufacture shafts and rotors for electric motors.

Then maybe a larger factory will follow, and then another one and yet another. It is impossible to start the third millenium otherwise.

9814
CSO: 2400/53

MORE EFFICIENT USE OF TRANSPORTATION SYSTEM URGED

East Berlin PRESSE-INFORMATIONEN in German No 118, 11 Oct 83 p 4

[Article by Gerhard Christ, Reichsbahn (German Railway System) senior director, chief, Office of the Central Transportation Committee of the Transportation System: "In All Cases Use Transportation Efficiently"]

[Text] Freigh transportation expenditures have a not insignificant bearing on on total economic outlays. So we must use every chance to reduce transportation expenditures further. That is no temporary emergency requirement but an inevitability in our intensively expanded reproduction.

It simply makes sense that reducing economic transportation expenditures can never be merely the business of the transportation system but concerns all sectors that are shipping goods, i.e. industry, the construction industry, agriculture, forestry and foodstuffs, commerce and all others. Diverse approaches are taken to resolve that task. They range from shifting shipments from roads to rails and waterways, the territorial rationalization of freight shipments, skilled management and planning, all the way to optimizing transportation and delivery relations. That precisely has already led to noteworthy results. The point of optimizing is to find the most efficient ways for shipping goods from the senders to the recipients to cut down distances, avoid empty loads, and thus reduce the transportation requirements.

Optimizing delivery relations for selected goods started in 1979 and 1980. Since 1982, the tasks to be taken care of have been combined under a "central program for optimizing transportation." There are, furthermore, equivalent programs in the economic areas and bezirks. It is understood that such transportation-intensive areas as construction, coal and energy, ore mining, metallurgy and potash bear a particularly high responsibility for it. By the end of the first half of the year, the measures set down for that time frame in the central program had been met. The savings in transportation efforts accrue to the railroad by 23 percent and by 77 percent to motor vehicle transportation. That also cuts down the consumption of energy sources.

Centrally managed construction, e.g., managed to reduce transportation requirements by 264 ton-kilometers--that is the volume shipped times distances covered. A large share in this has been the minimizing of earth shipments which becomes more of a matter of space designing in construction fields. Optimizing delivery relations for small-size wall construction materials also has had a favorable effect on the reduction of transportation requirements.

In the first half of 1983, transportation expenditures in the field of the ministry for chemical industry dropped by 137 million ton-kilometers. The prerequisites for that was finding better ways for fuel shipments by tankers and shifting the transportation of viscous oils and their products over to pipelines.

In GDR bezirks also transportation optimization is increasingly improving. Most of the bezirk councils met the measures scheduled for the first half of 1983. In Berlin during this period, e.g., they managed to reduce transportation requirements by 27 million ton-kilometers. A great share in that came from the bezirk-managed construction industry which used many different opportunities for reducing transportation expenditures--such as reusing reprocessed demolition and excavation volumes for urban underground and road construction and a computer-aided control on the transportation of construction materials.

Between 1981 and 1985, specific transportation expenditures are to be reduced by 25 percent. Last year alone it came to 8 percent, in the first half of 1983, to 5 percent. Considerable steps have already been taken in that direction, many others still have to be taken.

Production--transportation optimization is going to become more important. This amounts to reducing inter-enterprise shipments of goods needed in the course of production, finding more appropriate production sites, for instance for prefabrication places, and other things. Thorough considerations and computations make possible a systematic reduction of long transportation routes in the cooperation chain needed for the manufacture of products. The VEB 7 October machine tool combine in Berlin has shown how to do it; there, for every rationalization measure the transportation also is taken into account.

5885
CSO: 2300/159

USING SECOND-HAND MATERIALS IN MAINTENANCE, MODERNIZATION

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 31, 17 Nov 83 pp 307-308

["Order on the Procurement and Re-Utilization of Used Building Materials of 3 November 1983," signed by K.H. Martini, State Secretary and First Deputy Minister, Ministry for Construction Industry on 3 November 1983]

[Text] In order to reduce production consumption further through making all-inclusive use of the intrinsic value of available structures and more of a re-utilization of used building materials and accessories, the following is ordered in concurrence with the heads of the competent central official organs:

Article 1 -- Range of Application

(1) This order applies to
--the state-owned combines and enterprises of the construction industry under the ministry for construction industry,
--the state-owned combines and enterprises of the construction industry under the local councils,
--the crafts production cooperatives and private craft enterprises,
--the state-owned agricultural construction enterprises and the agricultural co-operative facilities,*
__the German Postal Service (all referred to as construction enterprises in the following), and
--the construction industry commercial enterprises in means of production.

(2) This order applies to the procurement and re-utilization of building materials, building components and accessories (hencefort referred to as building materials) in the maintenance, modernization, reconstruction and razing of structures.

*As to figure 2 of the joint directive, of 23 May 1979, on the application of legal regulations and directives issued by the ministry for construction industry in agricultural construction (Directives and Information of the Ministry for Construction Industry No 5, p 25).

(3) Special instructions, issued by the minister for post and telecommunications, apply to technical telecommunications facilities, cables and lines and assembly materials that go with it under post and telecommunications.

Article 2 -- Procurement and Re-Utilization of Building Materials

(1) The construction enterprises have to gain, process and regenerate useable building materials in the maintenance, modernization, reconstruction and razing of structures, mainly
--tiles and bricks,
--wood products and galvanized small iron parts,
--and parts of the sanitary equipment, heating and electrical installations.

(2) The procurement and the kind of re-utilization of used building materials and the reimbursement for them are to be negotiated between the construction enterprise and the agency that commissions the construction measure.

(3) Building materials salvaged are preferentially to be used for their original structure. If that is not possible, the construction enterprise should use them elsewhere or sell them to the commercial enterprise in means of production as designated by the kreis council. Used building materials needed for the preservation and modernization of apartment buildings, as to plan, are to be handed over preferentially to the socialist housing construction cooperatives and the legal agents of plant housing for use in construction departments or repair bases.

(4) Used building materials not suitable for re-use in construction enterprises, housing industry enterprises, socialist housing construction cooperatives and other enterprises and facilities may be sold to citizens. The sale to citizens exclusively comes out of construction enterprise stock.

(5) Historically valuable construction materials, before being re-used elsewhere, or before being sold, are to be offered to the local state-owned memorial preservation enterprise for use on projects under memorial protection, mainly
--designed tiles (foor roofs and walls),
--windows, doors, fittings, locks,
--stairways, banisters (also as separate parts),
--parquet floors and layers,
--wooden designs (beams), and
--chandeliers and guild emblems.

Article 3 - Planning and Assessment

(1) Construction enterprises, in planning their requirements, have to take building materials which they are using themselves into account. Inventories in used building materials have to be shown in volumes and values. Construction enterprises have to set down, under their own responsibility, the percentage for the evaluation of such materials in its ratio to new value.

(2) State-owned construction enterprises have to carry the costs for the procurement, processing and regeneration of building materials as prime production costs, financing them, including their material rewards, from the income obtained from the sale of the used building materials.

(3) In the craft production cooperatives the financing for carrying stocks in used building materials has to come, in principle, out of the working capital. If stocks have to be kept over a longer period of time, means from the reserve fund may be used, provided the head of the local technical organ under the kreis council agrees, to the extent that net profit is not adequate to raising the working capital fund.

(4) Income from the sale of used building materials has to be shown clearly. The principles on the regular handling or safeguarding of the people's property have to be observed.

Article 4 - Prices

(1) The sale of reusable building materials to means of production commerce, as to Article 2, Paragraph 3, goes at current prices. Current prices are determined by the industrial sales price for equivalent or comparable new building materials minus the reduction in value that has taken place. It must not exceed 90 percent of the industrial sales price and goes f.o.b. to the stock of means of production commerce.

(2) Means of production commerce is entitled to add a wholesale rate to the current value as to Paragraph 1 in stock transactions of 20 percent. The wholesale sales price goes f.o.b. from means of production commercial stock.

(3) The sale of reuseable building materials to citizens goes at current prices as of Article 2, Paragraph 4. Current prices are determined by the retail trade price for equivalent or comparable new building materials minus the reduction in value that has taken place. I must not exceed 90 percent of the retail trade price.

(4) The use of used building materials in the procurement and utilization by the construction enterprise calls for industrial sales prices reduced to current prices. If such construction enterprises get such materials from means of production commerce, the wholesale sales price as computed by means of production commerce becomes the basis.

(5) In reroofing where more than 60 percent of the roof is reused, the share exceeding the 60 percent leaves 16 percent of the reused roofing material to be added to the construction price when the price for material is computed.

Article 5 -- Guarantee

(1) When used building materials are sold, the guarantee is taken into account along with settling the price and so are the principles in the legal pricing regulations, coming down to a lump-sum settlement. When building material is reprocessed, the enterprise handling that has to stand behind the work done.

(2) When selling to citizens, the guarantee as to Article 159 of the Civil Code has to be contractually deleted by a notice on the invoice.

Article 6 - Material Incentives

(1) To stimulate the procuring of used building materials, the state-owned construction enterprises and the construction craft production cooperatives may pay the working people a bonus out of the cost savings attained thereby. It can go up to 16 percent of the material value in which new material has actually been saved in the implementation of maintenance, modernization and reconstruction measures. Material awards have to be agreed on with the collectives in the program for conducting socialist competition as to objects for which the savings were made. In accordance with the regulations on material savings bonuses, these rewards are paid in the state-owned construction enterprises out of prime costs. In the construction craft production cooperatives the membership meeting has to decide whether material rewards are granted.

(2) Amounts paid as material bonuses in the state-owned construction enterprises and the construction craft production cooperatives are free from taxation and not subject to mandatory social security dues.

(3) Outstanding initiatives for procuring used building materials may receive additional rewards when the year-end bonus is set down.

Article 7 -- Taking Effect

This order takes effect on 1 December 1983.

5885
CSO: 2300/151

WATER MANAGEMENT: PROBLEMS, STRATEGIES

Increasing Performance, Effectiveness

East Berlin WASSERWIRTSCHAFT-WASSERTECHNIK in German No 11, Nov 83 pp 363-364

[Article by Dr. Eckart Clausnitzer, deputy minister Environmental Protection and Water Management]

[Text] The bezirk seminars conducted in all bezirks during the second and third quarters of 1983 on the subject of efficient water use once again confirm that it has been possible in 1982 likewise to attain the essential goals. This can be traced back above all to the broad education effort carried out by the local councils, by the water management officers in the industrial enterprises and socialist agriculture, as well as by water industry personnel but also the population's growing understanding for rational use of water which is a valuable natural resource.

In 1982, it was possible to reduce industry's absolute water requirement by 3.6 percent compared to 1980. The increase in the entire absolute water requirement by 0.4 percent over a period of 2 years remained within the framework of the target given in the directive which was to confine the increase to a maximum of 1 percent. But we were not successful in lowering the specific water requirement by 10 percent in 1982 as compared to 1980. Deviations from the targets were particularly strong in Leipzig, Cotbus, Halle, Neubrandenburg, and Schwerin bezirks where a figure of less than 4 percent was attained. The enterprises and installations of the water industry must also above all achieve higher effectiveness in water supply by reducing the expenditure and in-house water losses in accordance with the directive on efficient water use under the conditions of the 1980's.

Additional essential progress was achieved in the reduction of drinking water use for industrial purposes from the public network and in the delivery of drinking water from industrial facilities to supply the population; this was accomplished specifically by conversion to in-house water supply, greater utilization of installations and saving of drinking water for production purposes above all in refrigeration processes. As a result of that there was a drop of 6.7 million cubic meters per year in drinking water consumption between 1981 and 1982. As for the delivery of drinking water from industrial facilities, an increase of 4.1 million cubic meters per year was attained by

the end of 1982, as compared to 1980. The target of further minimizing the waste water burden was attained proportionately in 1982 with about 1.2 million EGW [inhabitant equivalents].

Efficient water use is to be continued in 1985 with the objective of making enough water available for all sectors of the national economy in terms of quantity and characteristics and to guarantee protection for water bodies. Here it is above all important:

To reduce industry's specific water requirement by another 17 percent as compared to 1980;

To reduce the absolute water requirement by at least 2 percent and in this connection above all considerably to reduce water consumption or water waste, and

To reduce the waste water load in water bodies by an additional 3.8 million EGW.

In this connection, the level is partly also determined by the full utilization of scientific-technological progress in raising the water's utilization degree in order to be able to meet all social requirements for water supply and for the protection of water bodies through intensification.

In accomplishing these tasks, we are particularly concerned with the following:

The rapid introduction of scientific-technological progress; the rapid opening of capacity reserves in water-industry installations through socialist rationalization;

The scientifically-justified complex management of the total water supply according to uniform balancing methods and according to the water-industry development concept;

Thorough process analyses for all technological processes that use water;

Planned preventive maintenance of pipeline networks, water bodies, and water-industry plants to reduce water losses;

Implementation of modern planning and management methods on the basis of performance comparisons;

Further automation on the basis of microelectronics in order to stabilize the data and control processes in water-industry production processes.

The drafting and justification of the essential intensification factors will make it possible to orient manpower even more in accordance with social requirements toward the main development direction of the production forces in the water industry.

Scientific-Technological Progress Leads to Higher Effectiveness

The decisive intensification factor which is needed to raise the capacity and effectiveness of water-industry basic assets--which represent a considerable portion of the GDR's socialist production potential with a figure of M30 million--consists of the rapid and comprehensive introduction of new scientific-technological results in water-industry operations.

With the help of the Spree-Havel large-area model, developed by the Water Industry Institute, it is possible to derive management variants which lead to a lesser investment expenditure for the water supply of Berlin, the capital of the GDR, up to the year 2000. By means of additional management measures along the lakes in the upper Havel region involving 58 million cubic meters per year as part of this large-area model, it is possible so to increase the minimum through-flow at the critical utilization profile of the Spree in such a manner that an originally planned Oder water transfer will not be required in the foreseeable future. Rapid evaluation of special water-industry problems, such as the determination of the influence of strip mine opening on the water-industry balance sheet and an analysis of planned supply stages for selected river sections, is furthermore possible here.

The development of multi-layer filtration as a high-performance method was completed to step up the drinking water supply. With a throughput capacity of up to 6 cubic meters per square meter per day it is possible to raise the capacity of the filter plants in water works by 100-300 percent. The important thing now is to introduce this method also in other water works; the method was developed at the Water Industry, Water Engineering, and Planning Combine VEB and must be introduced in other water works with the higher effectiveness proven in the Dresden-Hosterwitz Water Works.

A series of new scientific-technological solutions were developed to step up waste water treatment as part of socialist rationalization:

Pipe sedimentation for a performance increase in followup [secondary] settling by 30 percent;

Automatic oxygen injection to reduce the energy expenditure by 20 percent;

Combination of methods to increase the output of biological and mechanical settling plants by 30-100 percent.

They have likewise been tested, they serve to increase the capacity of basic assets used in the water industry, and they are suitable for broad-scale use.

Water-Industry Process Analyses--Scientific-Technological Foundation for Efficient Water Use

Detailed investigations of the energy flow to uncover considerable energy reserves have led to a reduction in the energy requirement. To the same degree, efficient water use is to be achieved through scientifically-justified water-industry process analyses in all technological processes in which water

is used as a working means or as a work object. On the basis of water requirement standards, which are to be drafted by 1985 for 80 percent of all technological processes, it will be necessary to work out process analyses and to implement them in the enterprises through socialist rationalization.

As a result of a water-industry process analysis in the Kali [Potash] Combine VEB, for the operation of a vacuum station, it was possible to save 24,000 cubic meters per day of cooling water by means of circuit control. Ventilator-cooling towers were used as return cooling plants which are in line with top-level engineering standards. The specific water consumption of the "Thomas Muentzer" Potash Works was reduced from 8 to 6 cubic meters per ton of K_2O, in other words, by 25 percent, within 5 years, on the basis of process analyses.

Tapping Capacity Reserves through Socialist Rationalization

Socialist rationalization is being conducted in the water industry's enterprises and installations on the basis of rationalization programs with the objective of rapidly introducing new scientific-technological discoveries into production without essential investments through in-house enterprise efforts. This concerns above all results of the enterprise science and technology plan, including innovator activities and the items displayed by the MMM [Fair of the Masters of Tomorrow] movement. They are being put to practical use as part of the production of rationalization equipment and they are being introduced in water works and filtration plants but also along dams to increase the results of maintenance work. A considerable intensification effort is being achieved with the rationalization measures through the use of basic assets and enterprise production capacities.

As the most striking example we might mention the installation of an additional ventilation unit in the biological phase of settling plants. This facilitates a considerably higher reduction of organic waste water content substances. The Dessau settling plant achieves a higher decomposition effect by 100,000 EGW, exclusively with in-house enterprise capacities, through the installation of additional ventilators. By means of enterprise rationalization measures, it is possible to achieve capacity increases in existing settling plants which demand 20-30 percent of the investment expenditure connected with comparable new plants.

Rationalization to open up capacity reserves however is also possible through modern management models. With the help of the partly automated solution of operational management tasks--such as, for example, the control of dams and underground water extraction--it is possible on the average to document and utilize an availability volume which is about 5 percent higher. The Colbitz Water Works in 1981 drafted a control program for the K-1003 computer. This makes it possible to save infiltration water and electric energy through specifically goal-oriented underground water storage management and to increase the water supply by 25,000 cubic meters per day.

In the implementation of efficient water use, correct, effective, and low-loss water distribution systems play a decisive role. In recent years, high-performance methods have been developed for the reconstruction and cleaning of

pipeline networks as well as for the maintenance of waste water pipelines; these methods for example include the ZMA (cement-mortar extrusion) method. A small digging tool has been developed for the rationalization of pipe damage repair; it has been produced since 1982. To reduce the partly considerable water losses in the pipeline networks (up to 20 percent at the Gera WAB [water supply and waste water treatment plant] VEB), a special technology was developed for the determination of pipe damage. Using this technology it is possible also to determine underground pipe leaks, whose water seepage cannot be recognized on the surface.

The maintenance of water bodies has been actively intensified in recent years. In drafting suitable standards for maintenance, which among other things must be done by the WWD [water management directorates], it is necessary to consider many factors, for example, the ratio between average-water and high-water transport, bed-load transport, profile development, the gradient, the consolidation of the water body bed, plant growth, etc.

If the water body is correctly integrated as an element in the ecological system and if the intensification possibilities are thoroughly used, then 30-35 percent of the expenditure for bottom clearing and 35-40 percent of the expenditures for river-bed weeding and embankment care can be eliminated.

Continuation of Automation on Basis of Microelectronics

Automation as an intensification factor is being developed in all sectors of the water industry to the extent that this is justified by the overall national economic effectiveness, that is to say, by the saving of manpower, material, and energy.

The basis for complex water management in river drainage areas will be the buildup of the uniform control and information system of the water industry which is to be completed by 1985. In particularly heavily-used river areas, such as the Saale or the Spree, the water level and selected quality parameters are already today measured automatically, and data transmission and central processing are already being handled with computer programs. In this way it is possible to prepare decisions on several management levels (dam control station, senior river control station, water industry directorate or ministry) for the following purposes:

Prediction of water level development in case of floods and corresponding control of dams (especially advance load relief);

Determination and triggering of supply phases during dry periods;

Determination of damage caused by noxious substances in the water and initiation of countermeasures.

Summary

The following main development directions emerge under the conditions of efficient water use through intensification by means of socialist rationalization:

1. The accomplishment of the increasingly complicated national economic tasks under the conditions of the GDR's tight water supply situation will be possible in the future only on the basis of complex management systems for underground and surface water in river drainage regions. Management within the meaning of operational control must--just like long-term and large-area development planning--be accomplished with the help of control programs up to large-area models on the foundation of a comprehensive, partly automated information system in such a manner that changes in the underground water supply status can be exactly predicted also in regions influenced by mining activities and that their water-industry effects can be minimized in coordination with mining operations. These management systems moreover must make it possible, on the basis of water requirement development and planned housing construction, so to justify necessary water-industry measures in a specific manner--such as, for example, expansion of district water supply systems or construction of new dams--that a minimum expenditure will arise for the national economy as a whole

2. Efficient water use on the basis of socialist intensification will be confined not only to reducing water losses, water consumption, and the waste water load, as well as an increase in the availability of water supply as such. Instead, it will increasingly be oriented toward carrying out water-industry process analyses in all technological processes in such a manner that the water requirement and water consumption can be determined by means of specific norms and can be spelled out firmly in terms of water law.

3. Protection for water bodies must be built on the principle of the unity of water supply--water utilization--water regeneration. Here it is a matter of primary concern to guarantee the multiple use of water and the inherent purification capacity of the water bodies themselves. In this connection it will be necessary increasingly to justify the national economic expenditures for comprehensive environmental protection.

4. The overlap of partly differing interests in a river drainage region simultaneously calls for stepped-up scientifically justified coordination. To protect drinking water resources against the infiltration of nitrates, on the one hand, and to secure the intensification of agricultural production, on the other hand, the agencies of the water industry and of agriculture must develop joint agricultural-water-industry production systems. This also applies to the coordination of water-industry with those of the mining industry to guarantee the coal and energy program.

This points to the interlacing and integration of several complex management systems which call for clear international requirements and a high degree of scientific-technological permeation.

Agricultural Importance

Schwerin SCHWERINER VOLKSZEITUNG in German 15 Nov 83 p 2

[Unsigned article]

[Text] Berlin (ADN [German General News Service])--The efficient use of water in agriculture and questions of progress in animal raising for livestock production were covered on Monday in Berlin in the People's Chamber Committee on Agriculture, Forestry, and the Essential Food Industry. About 930,000 hectares of agricultural utilization area can presently be irrigated in the GDR. Compared to other fields, it is possible there to achieve yields which are one quarter higher and which are even 1.5 times higher during dry years, Minister for Environmental Protection and Water Management Dr Hans Reichelt stressed in the beginning. Using existing facilities effectively, opening up local reserves, and facilitating irrigation on additional surface areas is indispensable for a high output increase.

Each year, agriculture and horticulture consume 1.4 billion cubic meters of waters from ponds, lakes, rivers, and springs. During normal years, that turns out to be less than one-tenth of the water available in the republic whereas during dry years it amounts to almost 20 percent. This, according to the minister, underscores the need of effective utilization.

The new animal raising law, which was passed by the People's Chamber 3 years ago, proved itself in many ways since then, the deputies were told by Dr Norbert Baum, director-general of the Animal Raising VVB [Association of State Enterprises]. At this time an effort is being made in animal-raising terms above all in the case of beef cattle but also for hogs and sheep to influence the capacity of using more coarse fodder available on the ranches themselves.

In the 19 beef cattle stud centers of the republic, the farmers keep more than 4,400 breeding cows. In 1982, these animals achieved an output averaging 7,814 kilograms of milk with 4.58 percent fat and thus further improved the results achieved so far.

Facts and Figures

East Berlin BAUERN-ECHO in German, 12-13 Nov 83 p 3

[Unsigned article]

[Text] At this time, 930,000 hectares of agricultural utilization area are being irrigated in the GDR. That accounts for 16 percent of LN [Agricultural Utilization Area].

An additional yield averaging 25 percent was achieved on the irrigated surface areas over the past 5 years, on the average.

To harvest 40-50 decitons of grain per hectare, it is necessary, throughout the entire vegetation period, to have 4,000-6,000 cubic meters of water

available in a roughly uniform manner. To grow the grain used in making 1 kilogram of bread, we need 1,000-1,200 liters of water; for 1 kilogram of sugar we need 2,500 liters and for cabbage we need about 500 liters of water.

There are around 40,000 kilometers of inland ditches in GDR agriculture which serve not only for drainage but increasingly also for irrigation.

The results prove that the vegetable output yields were reduced by dry spells over the past two decades during most of the years.

5058
CSO: 2300/144

ACCIDENTS REPORTED INVOLVING INDUSTRIAL ROBOTS

Leipzig TG-TECHNISCHE GEMEINSCHAFT in German Vol 31 No 9, Sep 83 (signed to press 28 Jul 83) p 22

[Article by Dr H. Wolf, engineer: "Against Accidents with Robots"]

> [Text] Many industrial robots can take a lot. They stack red-hot pipes, weld sheet metal and shoot paint on vehicle bodies as they pass by. If they heat up in the process, they should not catch fire. The observance of existing regulations can eliminate fires and explosions.

Even though at this time the "punctiform" use, that is, limited to a small production area, of individual industrial robots prevails, it must already be said that with further automation their application in the manner of a production line is constantly gaining in importance. With this development, fewer and fewer workers will be available to take over, as has been the case on a large scale, monitoring, control and signal functions. Accordingly, the following situations must be detected in a timely and safe manner either by the industrial robot or by industrial measuring, control and regulating techniques that are specially planned for the purpose and linked to the industrial robot in the required manner:

--elevated process parameters (pressures, temperatures, concentrations, too great or too meager material flows,

--the sudden appearance of dangerous external factors (the approach of explosive material mixtures, etc.),

--technical breakdowns of the industrial robot or in its work area (failure of components and parts, leaks, etc.).

Depending on the consequences, errors must be kept to a minimum or avoided entirely. That also applies to the reaction or the industrial robot to the ascertained and signaled danger situation. Whereas in the past there was often a worker present, for example, to fight an incipient fire quickly and effectively with the available fire extinguishing equipment, in the future this function must be performed either by the industrial robot or by activation and extinction equipment employed parallel to the industrial robot. If a

If a situation-dependent anti-accident program must be initiated and worked through to control dangerous conditions, then that, too, is to be realized through the industrial robot or through industrial measuring, control and regulating techniques that are coupled with the industrial robot.

Eliminate Faulty Behavior

The simple inactivity of the facility in the effective area of the industrial robot is thereby certainly the fastest but, as everyone knows, for safety reasons it is in many cases the least acceptable measure. On the contrary, it is often necessary to work through programs to limit or divert material flows in the preceding or following area, to change process parameters, to switch off subareas, etc. The programmed advantage is in the fact that subjective faulty behavior is eliminated and that with the appropriate provision of hardware and software in accordance with the detected situation, the most favorable among previously programmed anti-accident variants can be selected and put into action in a short time. A prerequisite for that is a careful prospective analysis of the possible breakdown and accident situations.

Guaranteeing Functions

To meet the requirements of fire and explosion protection, the following safety functions must be completed in accordance with the operating conditions in industrial-robot systems.

--avoidance of inflammable and explosive material systems in the effective area,

--avoidance or elimination of fire sources,

--combatting fires and limiting the extension and effects of fires and explosions to a harmless level, in case the previously named functions cannot provide adequate safety,

--the working through of coordinated anti-accident programs, with which a safe starting or even continuation can be guaranteed during the previously named functions.

It is understood that these functions are to be reliably carried out not only during normal operation but also in the case of breakdown or accidents, in the case of the failure of certain components not part of the safety system, for example, or in the event of the breakdown of the normal energy supply. It is also understood that they must be guaranteed even after maintenance and repair work.

Facing Up to Danger

There will certainly be numerous individual instances in which questions of fire and explosion protection are of no or only limited importance. An example would be the use of industrial robots in areas in which only

nonflammable and nonexplosive materials are present and being processed.

There are, however, already many applications (they result in part from one of the main areas for the use of industrial robots, that of the elimination of jobs with work-related dangers and aggravations) where industrial robots operate in areas of constant or occasional danger of fire and explosion aad are to replace people there. Some examples may be:

--feeding robots for inflammable and under certain conditions explosive materials,

--robots for painting, grinding and polishing processes, in which at time and and under some circumstances inflammable gases, vapors or dust can be present in the effective area in an amount sufficient to cause greater danger,

--robots that are used in work places in which one must expect operational explosive dangers or even temporary threats of explosion caused by breakdowns.

Putting Out the Fire by Itself

With such instances of application, the following two aspects are to be considered:

1. The industrial robot itself, through its construction and through the functions to be carried out by it, should not increase potential dangers of fire and/or explosion in its effective area. Among other things, that means:

--It should not encourage the formation of explosive material mixtures in its effective area.

--It should not contribute to the undesired improvement of the inflammability and burning characteristics of the involved substances (for example, through thermal influence).

--It should provide no ignition sources. In this regard, all sorts, from electrical and mechanical to thermal ignition possibilities that can occur as a result of the function and use, are to be viewed critically.

If characteristic safety values are applied when evaluating possible dangers of fire and explosion, it should be noted that all of the values given in the literature are valid for approximately normal conditions. In the case of sharply deviating operating conditions, the dangers may be increased.

2. The industrial robot must timely recognize, signal and independently reduce situations involving a danger of fire and explosion that it causes or tha arise in its effective area and it must introduce the appropriate control measures.

9746
CSO: 2300/95

DEBT NOT SEEN AS OBSTACLE TO FURTHER BORROWING

Duesseldorf HANDELSBLATT in German 2 Nov 83 p 2

[Article by Christa Meyer-Koester: "Creditors Remain Optimistic"]

[Text] German banks agree that the entire Western debt of the GDR, that is, also including the accumulated credit balance from German-German trade and those credits that are not shown by the Bank for International Settlements [BIS], may now amount to $11.5 billion (net). In its statistics, in contrast, the BIS shows a gross debt of $7.9 billion and a GDR credit balance of $2.4 billion.

Astonishing is the fact that this credit balance increased by just under $1 billion within 6 months. Thanks to the meager information from the GDR, the reasons remain unclear, so that only suppositions are possible about, for example, whether so-called credit-creation deals were in effect here. Nevertheless, it is known that the GDR used accounting units in German-German trade to buy silver and a little later it appeared in the London market as a silver seller. That is also a way to acquire foreign exchange.

It is also clear in banking circles that of its total debt in the amount of $11.5 billion, the GDR must pay back about 40 percent within the next 12 months, and that, after all, is $4.6 billion. In view of a scarcity of foreign exchange, inadequate supplies and a miserable harvest of fodder and potatoes, which is forcing increased imports, this seems to be an amount that is scarcely manageable.

Nevertheless, western observers do not believe there will be any serious difficulties in managing the debt. It is pointed out that the GDR takes in at least DM2 billion annually just in noncommercial trade with the Federal Government from public (services) and private sources. This is also seen as a reassuring observation in view of the guaranteed billion-mark credit. Beyond that, German banks are also prepared, through their foreign subsidiaries in Luxembourg, to grant new credits with a term of 18 months, possibly in relation to prompt payments.

At this time, it is difficult to say to what extent German-German trade is affected by the current payment obligations. It currently continues to take place in accordance with the familiar structure--raw materials and production equipment. This is especially true for steel shipments from the FRG. To be sure, the gap is also widening.

The cumulative credit balance in favor of the FRG, which was still 4.5 billion accounting units (including services) prior to the fall fair in Leipzig, has meanwhile already grown to just under 4.7 billion accounting units. Nevertheless, the GDR, in its talks with its trading partner FRG, is showing a cautiously growing interest in new capital-goods orders. This is especially true for investments to improve the harbor at Rostock as well as for the chemical area. The climate in German-German trade continues to be considered "emphatically good," and it could certainly be stabilized for a longer duration if the Foreign Trade Bank of the GDR would finally be prepared to take on a guaranty for financing in the area of 360 days.

This, however, is simply being rejected with the remark that the foreign trade organizations would then have to pay commissions to the German Foreign Trade Bank, and thus non-recourse financing in German-German trade will continue to be difficult.

9746
CSO: 2300/114

GERMAN DEMOCRATIC REPUBLIC

WIDER POWERS FOR CUSTOMER ADVISORY COUNCILS

Order of 27 June 1983

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 21, 15 Aug 83 pp 220-222

/Order on Customer Advisory Councils in State-owned Retail Trade, 27 June 1983, signed by Gerhard Briksa, Minister for Trade and Supply on 27 June 1983/

/Text/ On the basis of Articles 9 and 135 of the GDR civil code of 19 June 1975 (GBl I No 27 p 465) and in agreement with the managers of the competent central state organs as well as with the Federal Executive Board of the Free German Labor Union Federation, the Federal Executive Board of the Democratic Women's League of Germany (DFD) and the National Council of the GDR National Front, the following is ordered:

Article 1

Scope

(1) This order regulates the work of customer advisory councils at sales outlets, supermarkets, department stores as well as of the guest advisory councils at restaurants and hotels of the state-owned retail trade (hereinafter designated customer advisory councils).

(2) This order applies to

-- Enterprises of district managed state-owned retail trade (HO),

-- Department stores of the Association of State Department Stores CENTRUM (VVW),

-- Hotel enterprises of the INTERHOTEL Association.

-- Socialist wholesale enterprises subordinated to the Ministry for Trade and Supply if they maintain retail trade outlets

(hereinafter designated retail enterprises).

Social Status and Formation of Customer Advisory Councils

Article 2

(1) The customer advisory council is a voluntary body and carries on advisory and supervisory functions. It acts as the guardian of the public's interests.

(2) The manager of the retail enterprise is responsible for the formation of customer advisory councils. He is assisted by the committees of the GDR National Front, the local and kreis executive boards of the FDGB and DFD groups.

Article 3

(1) Customer advisory councils are to be formed at sales outlets, supermarkets, department stores as well as restaurants and hotels of retail enterprises (hereinafter designated sales establishments).

(2) In conformity with local or enterprise conditions, a customer advisory council may exceptionally look after several sales establishments. In these instances the manager of the retail enterprise must appoint one sales establishment the parent establishment. Activist groups may be formed from the advisory council membership for the other sales establishments.

(3) The members of the customer advisory council carry out their functions in that customer advisory council for which they were proposed and confirmed.

(4) The membership of a customer advisory council depends on the size and importance of the sales establishment. A council must have at least three members.

Article 4

(1) Suggestions for the assignment as member of the customer advisory council may be submitted by

-- Neighborhood, local and city committees of the GDR National Front,

-- Local and kreis executive boards of the FDGB,

-- DFD groups,

-- Collectives of the sales establishments,

-- The enterprise labor union managements of the enterprises at which supplies are made available by enterprise sales establishments or restaurants of the state-owned retail trade (HO).

(2) The composition of the customer advisory council is to be such as to enable it in the sales establishment to actively affect the supply services and trade operations.

(3) Members of the customer advisory council are confirmed by the manager of the retail enterprise. Before confirmation, the neighborhood, local or city committee of the GDR National Front in the scope of which the sales establishment is located, must be given an opportunity within 14 days to comment on the proposal.

(4) Upon confirmation the members of the customer advisory council are issued a badge.

Article 5

(1) The members of the customer advisory council elect one among them to be chairman and another one deputy chairman.

(2) The manager of the sales establishment must make known the members of the customer advisory council by means of a poster and, at the same time, publish their office hours.

Article 6

(1) The chairman, his deputy and the members of a customer advisory council may be removed from office by the manager of the retail enterprise if they do not meet his expectations. Before so deciding, the manager of the retail enterprise must interview the person concerned and the customer advisory council.

(2) Before removing a member of a customer advisory council, the manager of the retail enterprise must inform the person authorized to suggest appointment as per Article 4 Paragraph 1 and justify his decision. If the member of the customer advisory council is removed, the person authorized to make a suggestion should propose another member for the customer advisory council.

Article 7

Tasks, Rights and Duties of the Customer Advisory Council

(1) By its work the customer advisory council actively influences the accomplishment by the sales establishment of planned supply tasks at the best possible quality. It makes suggestions to the manager and collective of the sales establishment, checks the implementation of supply assignments and aids the collective inthe realization of trade operations, politico-ideological work and the conduct of the socialist competition.

(2) The customer advisory council influences in particular

-- The best possible sales climate such as courtesy, advice and service to the customers, the purposeful improvement of shopping conditions, attractive presentation of the merchandise and window dressing as well as the observance of the stipulated hours of opening, the implementation of the customer service appropriate to the respective store and other services, all at the best possible quality,

-- The offer of goods consonant with the stipulations of the assortment and service catalogue and the supply assignment, the orderly issue of purchase orders to suppliers and the evaluation of contract fulfillment,

-- The enforcement of legal regulations regarding the observance of quality, prices, weight and measures; the orderly implementation of the regulations governing purchases as set out in the civil code, as well as the constant evaluation of customer and guest books,

-- The observance of provisions regarding orderliness, cleanliness and safety such as, for example, the orderly and appropriate storage of goods as well as the removal of any reasons of trading losses and hazards, especially to the customer.

(3) In order to effectively accomplish their tasks, the members of the customer advisory council are entitled

-- To advise the manager of the sales establishment in his work and submit proposals;

-- To carry out checks in the sales establishment, consonant with the assignments of the customer advisory council, appraise the result with the manager and staff of the sale establishment and, if necessary, apprise the manager of the retail enterprise or supervisory organ;

-- Upon noting an infringement of legal regulations and instructions to immediately require amendment from the manager of the sales establishment or manager of the retail enterprise;

-- Within the framework of their powers to scrutinize relevant documents of the sales establishment and request needed information from the manager or staff of the sales establishment as well as other personnel of the retail enterprise, all the time observing the regulations on order and safety;

-- To attend reports by the manager of the sales establishment and, at that time, reporting the opinions of customers on the running of the establishment, especially with regard to the sales climate;

-- To make entries in the control book of the sales establishment,

-- To enter all rooms of the sales establishment while observing the relevant safety, hygiene and accident prevention regulations.

(4) The members of customer advisory councils are obligated

-- Conscientiously to discharge their tasks on the basis of this order,

-- To acquire the skills needed for their voluntary work and attend the training courses provided,

-- To exercise vigilance and observe the necessary confidentiality in connection with their work as customer advisory council members,

-- Upon request to report to the person authorized to propose their appointment with regard to their exercise of the functions involved.

(5) If the customer advisory council addresses its proposals, suggestions and criticism to the manager of the sales establishment, the latter must comment within 10 days; if to the manager of the retail enterprise, he must comment within 3 weeks at most. If the manager of the sales establishment fails to deal altogether or satisfactorily with the proposals, suggestions and criticism, the chairman of the customer advisory council may appeal to the department for trade and supply of the respective local council.

Article 8

Modus Operandi of the Customer Advisory Council

(1) The customer advisory council holds regular meetings (generally once a month). On the basis of the orientation provided by the manager of the retail enterprise, the findings of the advisory council as well as suggestions from the public, the chairman draws up a work plan, taking into account the key topics of council operations including checks. The chairman ensures the regular progress reports about the assignment.

(2) The customer advisory council ensures close links with the public by receiving requests, proposals, suggestions and criticism from the public with regard to the trading operations and supply performance of the sale establishment as well as by carrying on talks with individual customers or guests.

(3) The customer advisory council closely cooperates with the manager and collective of the sales establishment and other personnel and social organizations of the retail enterprise. It also maintains contacts with the neighborhood, local or city committee of the GDR National Front, the local or kreis executive board of the FDGB and the DFD group.

Article 9

Responsibility of Retail Enterprises for Guidance of and Assistance to Customer Advisory Councils

(1) The retail enterprise is responsible for working with the customer advisory councils. It must ensure that the managers of the sales establishments and the personnel of the retail enterprise promote the work of the customer advisory councils and include their proposals in the accomplishment of their tasks, provide the appropriate conditions for the efficient work of the customer advisory councils at all sales establishments and regularly evaluate the work of the customer advisory councils.

(2) The retail enterprise must ensure, in particular, that

-- The customer advisory councils receive proper backing and are enabled to carry out their work by providing training courses, while chairmen of the advisory councils should receive practice-related instructions at least once every 6 months in the course of an exchange of experiences,

-- Delegates of customer advisory councils are invited to important conferences and social functions of the retail enterprise,

-- The members of the customer advisory councils are able to attend functions at their sales establishments.

(3) The manager of the retail enterprise must once a year analyze the work with the customer advisory councils.

(4) The manager of the sales establishment cooperates closely and in a comradely manner with the customer advisory council. The personnel of the retail enterprise are obligated to assist the customer advisory council.

Article 10

Recognition for the Services of the Consumer Advisory Councils

Members of the customer advisory councils are to be awarded distinctions for specially active and outstanding services. The award of the distinction proceeds in accordance with the standardized principles of the Ministry for Trade and Supply.

Article 11

Leave of Absence from Work and Insurance Cover

(1) Members of the customer advisory council usually carry out their duties outside working hours. If, exceptionally, this is not possible, the members of customer advisory councils will be granted a leave of absence from work upon request by the manager of the retail enterprise. This is in accordance with Article 182 Paragraph 1 of the GDR Labor Code of 16 June 1977 (GBl I No 18 p 185).

(2) Members of customer advisory councils are insured in accordance with legal regulations in case of accidents arising in the exercise of their voluntary activities.[1]

(3) Expenses incurred by members of customer advisory councils in the exercise of their activities will be refunded by the retail enterprise consonant with legal regulations.

Article 12

Concluding Provisions

(1) This order takes effect on 1 October 1983.

(2) Losing effect at the same time are:

-- Order of 16 August 1966 on HO Advisory Councils (GBl II No 96 p 604),

-- Order No 2 on HO Advisory Councils of 13 August 1969 (GBl II No 74 p 460).

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1. Currently in effect are:
   -- Decree of 11 April 1973 on the Extension of Insurance Cover to Accidents Suffered in the Exercise of Social, Cultural or Sports Activities (GBl I No 22 p 199),
   -- Order of 8 August 1973 on the Extension of Additional Accident Insurance Cover by the GDR State Insurance for Accidents Suffered in the Exercise of Social, Cultural or Sports Activities (GBl I No 38 p 404),
   -- Article 3 of the Order of 19 November 1968 on the Conditions for Statutory Insurance of State-owned Businesses with the GDR State Insurance (GBl II No 120 p 945).

Discussion of Order

Potsdam MAERKISCHE VOLKSSTIMME in German 26 Oct 83 p 3

/Unsigned article/

/Text/ Some 62,000 citizens are currently engaged in working on more than 23,500 advisory councils at sales establishments, supermarkets, department stores, restaurants and hotels of the state-owned retail trade. The perfection of trading calls for greater involvement of the public, said Harri Peters, chief director of the state-owned retail trade (HO) in an ADN interview. This concern is served by the new order on customer advisory councils of 27 July 1983, that took effect on 1 October.

The new provisions require a customer advisory council to operate at every establishment of the state-owned retail trade. Membership depends on size and importance, though at least three citizens are to be involved. The managers of the respective retail enterprises are responsible for the formation and guidance of the voluntary bodies.

The local committees of the GDR National Front, DFD groups, collectives of sales establishments and executive boards of enterprise labor union organizations may suggest citizens for appointment to the advisory councils. For the first time local and kreis executive boards of the FDGB are to have that opportunity also.

The most important task of an advisory council is the supervision of the sales and restaurant climate. It is necessary to ensure a high standard of advice and service for the customers, the observance of opening hours, window dressing, cleanliness, orderliness and safety.

The rights and duties of customer advisory councils are more differentiated and also more extensive according to the new order. The citizens working in these bodies are entitled to carry out checks in the various sales establishments and restaurants, scrutinize documents, request information from the personnel of trading enterprises and submit suggestions. They may also attend the reports given by the managers of establishments. A new feature is the provision permitting the chairman of a customer advisory council to appeal to the local council if advisory council proposals, suggestions or criticism are disregarded or not sufficiently considered. Harri Peters emphasized that links with customers and guests are crucial for the efficient work of advisory councils. It is therefore necessary to provide and advertise regular office hours, but council members should also increasingly seek to talk to customers on other occasions. The new regulation may inspire more citizens to exploit this opportunity for involvement.

11698
CSO: 2300/120

PLACE OF SMALL PROPERTY IN SOCIALIST SOCIETY

Budapest MAGYAR NEMZET in Hungarian 9 Nov 83 p 7

[Article by Mrs Katalin Szikra Falus, academician, professor at the Karl Marx University of Economic Sciences: "The Place of Small Property in the Socialist Economy"]

[Text] For a long time we thought that in order to realize the goals of a socialist society it was necessary to fully socialize as soon as possible the ownership of the tools of production, making them public property. We held that the broader and more extensive the socialized sector, and especially the state sector, the better. We tolerated temporarily the remnants of small private property, regarding it as a formation alien to the socialist system. Today we have gone beyond this. We do not aspire to the exclusiveness of social property, and we are making room for other forms of property as well. This is true for private artisans, private retail trade and various other small enterprises, small undertaking forms.

What is Fundamental--Efficiency

Not rarely, however, an anxiety arises as to whether this allowance for various property forms does not mean a deviation from the path outlined by the classics of Marxism, from the path of Marxism. In connection with this one must keep in view before all else that for a socialist society the form of property is basically a means and not a goal. It is not a goal in itself, rather it must serve the development of production, of the productive forces. Marx and Engels referred to this a number of times. It is true that according to the best known references of Marx and Engels--as can be read, for example, in the Communist Manifesto--the working class, after seizing power, will gradually concentrate "all tools of production in the hands of the state, that is into the hands of the ruling class, the organized proletariat." But we must not forget one fundamental circumstance. That both Marx and Engels--in an understandable manner--turned their attention only to the large enterprises, to the fact that in the economically more developed capitalist countries the concentration of production was proceeding at a great pace, the large enterprises were forcing out the small ones. They saw in the small enterprise, in small production, only what was declining, what was obsolete. But, on a world scale, small production, the small plant, proved to be more tenacious than it appeared at that time; it has a place

in a modern economy. In a number of basic areas the small enterprise really cannot compete with the large, indeed it cannot even exist; but in other areas just the opposite is the case, the small enterprise is the more efficient and it is the large enterprise which cannot compete. The exclusiveness of large enterprises is not the trend of development; along with the large enterprises there is also a need in a modern economy for a significant number of small enterprises.

But if we accept the necessity for the existence of small enterprises the question immediately arises: In what property form should they function? It is a basic thesis of historical materialism that the form of property must correspond to the level of the productive forces. The productive forces which have taken on a large scale, which have become social, require social ownership. But what form of ownership is required by small scale productive forces? There was hardly any talk of this in the past. But it causes difficulties not only if the form of property lags behind the development of the productive forces; the contrary case causes difficulties also. The socialization of appropriation cannot be at a higher level than that of production. Theoretical considerations and practical experience both teach that small property is the adequate property form for a small enterprise. Individual or small group ownership does "fit" individual or small group activity. In a very great number of cases a small enterprise can be run only with substantially less efficiency than would otherwise be possible within the framework of large property; it cannot "exploit the form." The guidance and control system of large property does not correspond to the conditions of it, it hinders the unfolding of the advantageous properties of it; this is proven by practice.

The traditional form of small property is small private property. If we think of small property we immediately think of the private ownership of the tools of production of the artisan or small peasant. This was the way in which small property was embodied for millenia and this is the most common case even today. It is entirely natural that when the need arose in our homeland to increase the number of small enterprises and to make room for them; in this connection certain scope was given to small private property. Without this an increase in the role of the small enterprises could hardly have been realized. We cannot give up the extraordinarily strong individual interest characterizing private ownership in this sphere where individual initiative is of fundamental importance. At the same time there have developed recently, even in the developed capitalist countries, various forms of small property which are not "pure" but rather interwoven with large property. Such forms appeared even here long ago in agriculture. It appears that even outside of agriculture the socialist state property or the traditional "large cooperative" property can enter into an alliance with small property, and this alliance can be very profitable. But--in a significant number of cases--we cannot regard this small property form, closely linked to socialist property and "embraced" by it, as simply private property. Small property, under our conditions, is not unconditionally private property.

By small property I mean only property closely connected with production or service activity, with conditions for acquiring an income on the basis of this, thus I mean business property. I am ignoring the personal property of the populace, functioning as use value or serving as accumulated wealth, real estate works of art, valuables--although these could be turned into conditions for production on occasion. Viewed in this way the basic types of small property in our homeland are:

--the business (economic) property of private artisans and private retail merchants; private property in the usual sense;

--agricultural household plot property and property connected to auxiliary farms. Even the 1959 Civil Code did not classify household plots as private property. This was justified primarily by their being intertwined with the common farm, with "large property;"

--the small cooperative and the property linked to the new forms of small undertakings. Defining its character, even approximately, is a good bit more difficult than for the preceding forms. In the first place these are still in an entirely initial, virtually experimental stage, their characteristics have not even matured; in the second place they are more varied and heterogeneous than private artisans or household plots. Some of them can be unambiguously called a socialist form, for example the small cooperative; others are closer to private or individual property. For example, the civil law association. But even these latter fit or could fit into our system of socialist property as a whole, as useful supplements to it. In the event of their proper functioning they serve the goals of the socialist society--through the satisfaction of needs and through increasing state receipts.

With all certainty, even over the longer run, one could realize the coexsitence and cooperation of socialist "large property" and small private property or other small property forms in an open socialism, admitting the existence of several sectors and developing even "large property" further in a worthy way. What we cannot espouse is a scale of private property exceeding small property or small capital.

There can be no doubt that we must ensure certain developmental or growth possibilities for the undertakings constituting small property also. There is need for strategic, long-range security if some small undertaking form is to function properly. This means not only that the activity can be conducted admidst unchanged frameworks but also that there should be a possibility for development and growth. An anxiety frequently arises in connection with expanding the growth possibilities for small property, especially small private property: Is this not the beginning of some form re-privatization, will it not result in the creation of private capital relationships in our economy, perhaps these relationships may

even come to dominate? These anxieties obviously play a role in limiting the accumulation possibilities for the new forms of small undertakings, in limiting the possibilities for citizens to use their property for business purposes.

The customary answer to these questions is that such anxieties are groundless since the socialist state, in view of its political and economic positions, can block the creation of capitalist relationships. Although this is true in itself, this answer is not satisfactory. The question is much more complex. It is perfectly true that under socialist conditions the growth of small commodity production into capitalist production could be prevented; indeed, the danger--if you please--could be nipped in the bud. Historical experiences prove this, but thus far, in general, such a policy has been accompanied also by the "elimination" of those positive effects which we expect from an increase in the role of small undertakings, of small property, and which our national economy has great need of. This also is the historical experience. Thus, in this regard, we must take a different path, one deviating from the past, the one at the beginning of the 1950's. The fate of enterprises making up private property or small group property reaching a critical size cannot be some sort of collectivization or nationalization without indemnification, setting aside the former owners professionally. We need more peaceful solutions accompanied with less loss both economically and politically.

Permit Conflicts!

Recognizing the right of undertakings connected to small property to exist will certainly raise additional ideological problems also. We must face these. Thus, for example, if we recognize the right of undertakings connected to small property to exist then we must admit that the investment of capital in them should provide income to the owner. The owner of the money who invests his capital in the undertaking should get some sort of interest on his capital. Because of the risk involved, for the capital itself may be lost, this should be, on the average, higher than the rate of interest set by the state for savings deposits and, in addition, it should contain some sort of "risk premium." At present the magnitude of the interest which can be paid for shares or special purpose shares in cooperatives or for member loans can exceed the interest on permanently tied up savings deposits by at most one or two percentage points. This extra income is not in proportion to the business risk of the investment. And an artisan or retail merchant cannot subtract from the tax base a sum corresponding to the interest. (If he put the same sum in the bank, naturally, he would get interest on it). Recognizing the legalizing interest on capital in the sphere of small property is a condition for the flow of the money of the populace into this area. And there is great need to have the money of the populace flow into this area. A modern small plant is not a traditional hand work shop where work is done with primitive tools; rather, there is a significant capital need. If we are to aid the direct or indirect inclusion of the money of the populace in financing small enterprises we must recognize the justice of some forms of income deriving from property which are not recognized today.

Naturally, this type of income can have only a very limited, supplementary significance in our society. This follows from the socialist character of our society.

There can be no doubt that in few areas do we run into so many contradictions and theoretical difficulties as in the question of small property. We must try to "navigate" among them; we must try to answer the questions of today in accordance with the needs of today.

8984
CSO: 2500/107

MECHANISM FOR HANDLING DONATIONS, FOUNDATIONS NEEDED

Budapest MAGYAR NEMZET in Hungarian 2 Nov 83 p 7

[Article by Miklos Palos: "Individual Donations in the Public Interest"]

[Text] "Whoever gives fast, gives twice as much"--goes the old saying. But these days, it is as if there would be trouble not only with the pace of donations but also with the still remaining, numerous bureaucratic obstacles which make the life of benefactors difficult. Perhaps it also is not accidental that the current official language does not even know the concept of donation. In this respect, the Civil Code uses only the term "undertaking an obligation toward a public goal" which is not quite clear but is, at the same time, an alienating definition. During the years since the publication of the latest Civil Code, it has become evident that--while increasingly more people appear with the desire to offer smaller or larger donations or to establish a foundation, the pertinent authorities tend to scare away rather than help the potential donors.

Bashfulness

For long decades it was the officially formulated but generally existing standpoint that we are not so poor that we would have to rely on donations from anyone. (Earlier, this standpoint was voiced with pride especially when the benefactor appeared from outside of our borders.) It is characteristic that the Hungarian Etymological Dictionary defines the concept as: "Donation is what someone presents out of friendship, magnanimity or as a reward." (Not a word about poverty.)

While on the societal level we chastized indifference and the lack of response to communal problems, at the same time, if someone wanted to offer his well earned and saved, or even inherited wealth, it was officially refused saying: money and wealth cannot redeem devotedness toward society. While we learned from official declarations expecting sympathy that the state has no money for various--otherwise worthy--goals, they bashfully discouraged everyone from materially contributing toward these goals. Instead of providing an officially regulated, correct method for donations and foundations, it happened more than once that those, who publicly declared that they had enough material values to be able to give some to others for a certain purpose, were

rated as boasters. It is understandable that only a few dared to ignore this official bashfulness.

It Is not Only Talking That Is Difficult

Perhaps the foundation of Blanka Pechy, which went all the way to the Kazinczy price, was the first to work its way up to starting a nationwide movement in the interest of the Hungarian language. The perseverance of the artist who edited DIFFICULT TO TALK, the popular radio program, was needed to cross all the barriers and--what is difficult even today--to get where she could organize and enjoy within her lifetime the ennobling effects of her foundation both to the heart and to the word.

Undoubtedly there have been a few since who have set conditions for their foundations which either have not been quite acceptable under our social conditions or have violated general good taste. For instance, a couple requested that, on the anniversary of their death, the young performer who received their music foundation award should be obliged to give a memorial concert at their gravesite.

Presumably such and similar conditions would rarely come about if, instead of a series of obstacles and subsequent excuses, a pertinent but obliging information service would be organized with regard to foundations where, in addition to the regulations, every inquirer would also receive fitting advice and direction before hand.

Indeed the secretariat of the Ministry of Finance has already issued a statement containing general guidelines for the uniform application of donations in the public interest. Among others, it states that "acceptance of the donation offered in the public interest and awarding the service to the recipient should be made in the presence of the donors, under ceremonial conditions whenever possible. If the donation is contained in a will, it should be awarded in the presence of the relatives or co-workers of the testor by the head of the controlling organization whenever possible...The donation can only be used for the purpose and to the extent specified by the donor."

It is natural that the donors are guided by serious intentions. Someone, remembering his bitter past, wants to make success easier for a representative of the young artist generation; several, because of their childlessness, want to use a foundation to pass on their material wealth to the most worthy; some want their name to survive while many offer considerable wealth for public benefit precisely under the conditions of anonymity. It is increasingly frequent that Hungarians who had left their homeland a long time ago wish to prove their lasting patriotism by means of their foundation. In the final analysis, they offer their donation in the service of some worthy public cause.

Openly and Secretly

Regretfully, it is not rare even today that the donating benefactor or the one establishing a foundation has to walk a veritable obstacle course. Innumerable examples of this occurred within the recent past: it happened that a retired music professor's offer to set up a foundation for talented youth was simply rejected by the Music Academy. Another case--although it would have directly affected only one district in the capital--stirred up public opinion throughout the country because of publicized obstacles. An elderly man in Buda wanted to donate several million forints to build a swimming pool for the children of the area. The donor, who went begging from official door to door, was made to understand that they can do nothing with his offer because even if they built the swimming pool, there would be no one later to find the money for its maintenance.

Not infrequently, the national organ itself resists every donation effort. It is not by chance that the Ministry of Health is particularly often "bombarded" by many offers. It happened in the case of a large sum offered for a domestic pediatric research foundation that the wish of the donor was not yet fulfilled four years after the will was read. The foundation by Hanna Honthy, who willed the interest on her estate to a pedagogue and a physician, to be awarded in alternate years, serves as an interesting comparison. A committee was set up within the ministry of the proper specialty to award the funds. But, while the selection of the award winner pedagogue was orderly, prompt and public, those responsible in the health sector handled the award with nearly a year's delay and in closed sessions.

In some cases it is undoubtedly not easy to select the most worthy from many hundreds of candidates. But if such examples are set by the chief authorities, what can one expect from a village council or the administration of a general school where a decision must also be made because the donor entrusted them with the selection of the recipient.

It is made clear from information published about domestic foundations that the majority of them specify that the awards be made from the interest. Even without special knowledge about the national economy, the question arises where such handling of the foundations will lead in the long range.

Since the amount of the foundation remains the same, the sum awarded will also remain identical but its value will gradually decrease. (Irrespective of the fact that, according to the regulations in effect, the highest--7 percent--interest is being paid to the foundations deposited in the National Savings Bank.)

Under the current economic circumstances--when state stocks, bonds have also appeared in our country--would it not be possible for the committee in charge of the foundations to manage, use and "turn over" the capital of the foundations on such a basis? Those who are debating the idea of donation to a public cause could presumably be encouraged by such a step and, at the same time, the value of the foundations could also be made more lasting.

It seems that the caution and bashfulness with respect to foundations is on the decrease but the encouragement is not yet adequate. Although it should be known that the foundation or donation--over and above the individual awards or the material support of an individual--can only exert in part its beneficial (and not charitable) effect under these conditions. Namely, the relevant decisions publicly arrived at, and information concerning the fate of foundations in general, serve not only as encouragement to those active in the fields involved but they also facilitate the recruiting of donors to public causes and--not last--they also enhance the wellbeing of society.

2473
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NATIONAL BANK OFFICER COMMENTS ON HARD CURRENCY AUCTIONS

Warsaw ZYCIE WARSZAWY in Polish 10 Nov 83 pp 1, 2

[Interview with Romuald Sliwka, director of the Foreign Exchange Department at the National Bank of Poland [NBP], by Pawel Tarnowski]

[Text] [Question] In the first half of 1983, Warsaw was the scene of four hard-currency auctions, at which state enterprises planning to launch or resume export or consumer production, and not having export-revenue accounts, could bid for small appropriations of foreign currencies [sold at the official rate of exchange, with public usefulness of production as the criterion]. I guess the team of representatives of all banks and several ministries, with you in chair, was constantly pestered by potential clients.

[Answer] Well, not quite so. In all the four auctions we received together 24 tenders. But not all of them met the conditions laid down in an ordinance of the NBP president, and as a result the right to buy foreign exchange was granted 10 enterprises. They bought slightly more than U.S.$214,000. We rejected some applications because of the low efficiency of proposed ventures. In sum, we received fewer tenders than we had the right to expect.

[Question] It looks like giving a lie to the widespread opinion that many enterprises cannot launch volume production just for lack of a small amount of "greenbacks."

[Answer] That's right. But it should be remembered that the idea of the auction originated relatively late. Many enterprises had already distributed their last year's profit which was the source of deposits, equalling three times the value of purchased currency, that enterprises were required to freeze in bank accounts.

The relatively little interest in the auctions also indicates that enterprises could receive foreign exchange through other channels--such as export-revenue accounts, foreign exchange rationing, or central imports schemes--without the need of cutting down profits. In this situation, few of those eligible opted for the more difficult method.

[Question] Does that mean the auction experiment was a failure?

[Answer] It is too early to draw such a conclusion after just four initial auctions. On the contrary. In the opinion of our team--shared by the government--the idea is interesting enough, and the experiment will be continued.

Between 25 November 1983 and the end of 1984, 14 auctions will be held at monthly intervals. Only after that cycle is completed will we be able to make a full assessment and decide whether the auctions will become a durable element of enterprise financing system or will be scrapped.

[Question] Enterprises complained that the deposit of three times the value in zlotys of purchased dollars, frozen for 2 years, was too high. It was also criticized that only state enterprises were eligible.

[Answer] The Council of Ministers shared these opinions and slightly changed the terms of participation. Now the auctions will be open for not only state enterprises but also cooperatives which are direct producers and do not have export-revenue accounts. The deposit was reduced to twice the equivalent of the purchased amount. What is more, it will be frozen for only 1 year, and even this period may be shortened if the effects are higher than declared. The financial requirements were thus tangibly liberalized and now it is the turn of enterprises.

[Question] What do you expect of the new series of auctions?

[Answer] Our goal is to gradually abandon in future the rationing of foreign exchange. Naturally, the auctions will never replace it entirely, but if proved in practice they may become an element of a new system of financing enterprises, alongside the export-revenue accounts. I hope this will actually happen.

[Question] How will the economy benefit?

[Answer] The auction forces enterprises to base their operations on economic criteria rather than queueing for state appropriations. Before attending an auction the director and the self-management body should carefully calculate and choose between freezing the profit, while counting on higher benefits in future, and dividing it right now. This is also a form of economic pressure on enterprises which at the same time retain their autonomy and freedom of choice.

For us who distribute the foreign exchange this is a competition among tenders. The dollars will go to those firms which will show the highest efficiency and which will use the received funds in the best way. And this after all is what we all want.

CSO: 2600/353

'NOT' VIEWS ON ECONOMIC REFORM SAID TO BE GAINING OFFICIAL ACCEPTANCE

Warsaw PRZEGLAD TECHNICZNY in Polish No 45, 6 Nov 83 p 3

[Editorial Commentary of PRZEGLAD TECHNICZNY, weekly publication of the Federation of Scientific and Technical Societies of NOT (Naczelna Organizacja Techniczna--Chief Technical Organization)]

[Text] At its meeting held on 17 October 1983 and after hearing a presentation of a position paper written by the NOT [Naczelna Organizacja Techniczna--Chief Technical Organization] Committee for Economic Affairs and the Economic Reform, the NOT Main Council declared that it was necessary to proceed with the drafting, by no later than the end of this year, of the final version of the study entitled "The Principal Thrust of Changes in the Performance of Economic Reform Mechanisms in 1984," a study which will represent the views of the NOT Federation of Scientific and Technical Societies on matters related to the ongoing reforms in our national economy. It was decided that consideration should be given in this study to the results of public debates and the proposals submitted by groups and institutions belonging to the federation and the profession.

The NOT Main Council called on all members of scientific and technical associations as well as on the NOT voivodship councils to mount a public education and training campaign and to provide substantive assistance aimed at resolving problems associated with the implementation of the economic reform. It was recommended that an active contribution should be made to the task of monitoring the enforcement of the law and drawing conclusions that would serve to make refinements in the economic and financial system of the reform.

It was acknowledged that the proposed modifications in the institutional machinery of the economic reform was announced in RZECZPOSPOLITA on 6 October 1983 represent a change for the better in terms of efforts dedicated to rewriting the rules governing economic activity. Generally speaking, and to a large extent, the courses of action recommended here are consistent with the views advanced by the NOT Committee for Economic Affairs and the Economic Reform. In particular, they are consistent with the study written by the Committee and submitted to the NOT Main Council after having taken into consideration the views and comments of member societies and the NOT voivodship councils.

This is one way to summarize the position taken by the NOT Main Council, which spoke out for the first time on the issue of changes in the way the institutional machinery of the reform works, without doing an injustice to the final versions of the many position papers on specific problems and points raised by the various scientific and technical societies and attributable to the unique features of the sectors of the economy which they represent.

Acknowledgement was also made of those opinions voiced by representatives of the scientific and engineering profession claiming that some of the proposals contained in the study drafted by the NOT Committee for Economic Affairs and the Economic Reform amount to a retreat to the command-directive system. It was pointed out, however, that no effort was made to offer any counter-proposals, especially in those position papers which expressed doubted or reservations about the position taken by the committee.

The Main Council was pleased to note that a constructive effort has been made toward reconciling the views of the committee with the proposals advanced by the Government Commissioner for Economic Reform, and in particular, by the Planning Commission under the Council of Ministers, even though certain specific features of these proposals and some announcements that have been made are still giving rise to fears and criticisms.

Minister Wladyslaw Baka's letter to the NOT chairman was well received. In this letter the Government Commissioner for Economic Reform expressed his gratitude for the new series of proposals written by NOT officials on ways to upgrade the performance efficiency of the economy within the context of changes designed to make the institutional machinery of the reform work better. It is stated in the letter that this set of documents, just like the proposals which had been submitted for review previously, were subjected to a careful and thorough examination and discussion in the Office of the Government Commissioner. The minister writes that, "Many of the proposals which were advanced by NOT and which are consistent with the policy line on economic reform were accepted and incorporated into the doucment entitled 'Guidelines for Consolidating the Principles and Streamlining the Institutional Machinery of the Economic Reform Starting in 1984' as endorsed by the Council of Ministers on 16 September." The Commissioner also expressed the hope that it would be possible to look forward to fruitful cooperation with the engineering profession in the future as well.

This declaration is consonant with the statement made by the chairman of the NOT Committee for Economic Reform, docent Wieslaw Jurewicz, who, speaking on behalf of the officials who for the past many months have been working tirelessly and ceaselessly on the drafting of the most precisely and most objectively worded statement of the positions of the scientific and technical community, pledged that, "we are ready and willing to go on sharing our knowledge and experience with those who are burdened with the task of mapping out the reform program and proceeding with its further streamlining and implementation." However, it cannot be expected that NOT officials will take positions that are uncritical or acquiescent if they feel that to do so would be inconsistent with their convictions, experience and the realities of the prevailing social and economic situation.

CSO: 2600/367

ECONOMISTS CONFER ON WAGE REFORM ISSUES

Warsaw ZYCIE WARSZAWY in Polish 8 Nov 83 p 5

[Text] Poland's work compensation system has long been noted for its instability. For at least 2 years now there has been such a great panoply of views, opinions, interpretations and decisions in this respect that if all these were to be taxed Poland could easily bring its budget into equilibrium; this seems to be the chief conclusion from a national conference on work compensation systems organized by the Polish Economic Society (PTE).

The conference organizers set for themselves what proved to be an ambitious task, namely to define, at least roughly, general guidelines for a wage reform. Time is running out because, as is known, the government intends to implement major modifications in the wage system early next year.

Most experts believe Poland cannot afford any wage-system revolution under present conditions. Evolution is perhaps the most adequate way of resolving this problem; enterprises should gradually reform their wage systems by way of experiments.

Yet, as some speakers pointed out, the wage systems that enterprises may adopt can only be as bold as those devised by the central economic authority.

How, then, can enterprises create new motivational systems for themselves if new decisions are being made all the time? Changing regulations create a sense of instability, which prevents enterprises from committing themselves to any specific solution of the compensation problems because they fear the next change by the central authorities may put them at a disadvantage. Briefly, this instability allows merely cosmetic touches and not any more serious changes in wage systems.

An efficient motivational system should rely on what are called equitable criteria, or that everybody should be paid in proportion to his labor input. However, this rule is incompatible with the system of concessions which is preserved in proposed system modifications to take effect next year. Specifically, FAZ [Labor Redeployment Fund] charges are differentiated by branch and industry preferences. Besides, there are

branch-related preferences based on work conditions, export rates, technical progress implementation, etc.

Yet there have been brighter signs, too; some (few so far) enterprises have been allowed to start wage-system experiments, in which people are paid for the work quantity and quality, not simply for turning up at their workplaces alone. Wage hikes have been made dependent on work output of an individual employee or of his team; the previous rule that wage hikes go hand-in-hand with advancements has been dropped.

Nonetheless, wage-system experiments still raise more questions than answers. An enterprise director believes he can establish wage tariffs by which he can outbid his competitors. But they will do exactly the same thing. In fact, then, a typically 19th-century situation will ensue in the area of wage systems. To forestall anarchy, the central economic authority wants to fix maximum and minimum wage tariffs. But enterprise directors protest, for this means curbing their autonomy.

Nor can their reactions be forecast after wage tariffs have been established in the private crafts industry and Polonian firms. The proposed modifications give no clear indication of cost-of-living compensation in wage systems, or how wages in the nonproductive sphere will be related to those in the productive sphere.

The conference has disclosed that enterprises are determined to introduce wage-system experiments. Directors demand that all who guarantee adequate rates of return should be permitted to experiment, and that the "top" (i.e., the ministries) should not put its fingers into such experiments. What they ultimately want is a legislative endorsement of wage-system experiments.

CSO: 2600/350

ECONOMIC ILLS ATTRIBUTED TO SYSTEM'S 'LENIENCY'

Warsaw POLITYKA in Polish No 45, 5 Nov 83 p 4

[Article by Zenon Rudny: "Why Are We So Bad Off?"]

[Text] Let me point out, to begin with, that the socialist community includes countries which, despite their few natural resources, have ensured quite comfortable living standards for their populations, while the group of capitalist countries includes some rich in various resources and operating in the so-called free world but are, nonetheless, poor. Thus, the political scope of world socialism comprises the GDR, Czechoslovakia or Hungary, all of which are well-off countries, along with China, in which granting the daily portion of rice to citizens is hailed as the system's proud achievement. On the other hand, capitalism includes not only the very affluent Scandinavian countries, but also Latin America with its misery and dictatorships. Now these are by no means self-evident truths to many who tend to view the world in black-and-white terms.

Why are there rich and poor countries? Different theories were advanced at different periods to answer this question. Natural resources, colonies, no war damages were cited as causes of flourishment. These are true arguments, yet they are not the most significant ones in the long run. The most important factor, a saying which has become a platitude, is work.

The call for "work" which has been repeated ever since the emergence of socialist Poland, turns out to have little appeal to Poles in the nation's specific conditions. It is usually countered by "anti-slogans" such as "no incentives" or "bad organization." Why then, one is tempted to ask, has a government, which realizes that work is the source of any well-being, been tolerating for years demoralizing employment excesses, unproductive waste of time, inefficient work organization at factories, poor product quality, sloppy building or alcohol consumption during work?

Why hasn't it launched a promotional campaign to spread conscientious work ethics so common among people from the Poznan region or from Silesia?

Economic inadequacies in Poland result from a specifically socialist-Polish syndrome, namely the state's leniency as an employer and Poles' deeply entrenched disrespect for hard work.

Let me start with a few remarks on the latter, as the historically predominant factor. This emerged during the Counter Reformation. Both in the past and in the present, Protestant communities are, of course, renowned for their very conscientious work attitudes. The Reformation's defeat meant, nay, was bound to mean, that the values cultivated by the defeated communities were then deprecated. This concerns primarily diligence and frugality. So, the deprecation of the defeated, the lack of any work ethic in the church's social ideology at the time, and hedonistic lifestyle of Poles during the ensuing era (called "Sarmatism") combined to produce that particular effect. Nor was the regeneration of the work ethic favored by the period of enslavement, with its overriding myths and its Messianism. The dwarf-sized capitalism of the inter-war period did not create good conditions for this, either.

Disrespect for hard work is not a product of communism. Even before World War II, [Stanislaw] Cat-Mackiewicz wrote, "Disrespect for hard work is a deeply entrenched feature of the Polish people."

Due to its tolerance, socialism only reinforced such attitudes. When talking about disrespect for work in socialist Poland I do not mean, of course, all working people. There are dedicated employees. Alas, they do not set the pace. Hard work, frugality and accuracy are somewhat embarrassing attitudes in the eyes of Poles. In an atmosphere of slyness these features are hard to promote.

Poles abroad are known for their diligence and talent. This is by no means surprising. Stereotypic thinking and conduct "binding" in Poland are totally useless there. When built into an exacting economic and social system, which is governed by positive rules of conduct, Poles conform to these rules, and apparently do so willingly. Poles can develop work conscientiousness and frugality only in a rigorous economic system.

The Lenient State

Let us now proceed to the socialist state's leniency as an employer. Mistaken forecasts and false hopes misled many to believe that under socialism, when conditions that had in the past degraded morals would no longer exist, men would change, become a new type of employer aware of his rights and duties. Actual practice has disproved this concept as insufficient considering human nature, human individualism, or even egoism. Worse still, some social maladies can be seen to have been on the upswing in Poland; so, for instance, have attitudes toward work and public property, stealing, slyness, alcoholism. Hopes were foiled not only by direct producers but also by those production managers who personally participated in such abuses.

As it has been so far, socialism is an extraordinarily lenient economic system. This leniency naturally does not encourage maximum diligence, energy or initiative. Any employed person in the socialist system knows full well that the state will, in a good-uncle fashion, always provide him with a job, or that his boss is not as rigorous as a [capitalist]

entrepreneur. The system's leniency embraces all, including the highest ranks. This explains the erroneous economic decisions from the propaganda-of-success era. This, too, explains the low labor productivity and, as a consequence of this, the still lower living standards than those found in the advanced countries. This is a source of continuous social frustration. Paradoxically, though, there is, or was, no awareness by society of the causal link between living standards and productivity. The system's leniency resulted in an extraordinary distortion of labor relations in Poland.

One common argument is that if Poles were paid well, then everybody would work all right. But this is turning things upside down. The advanced countries worked hard for decades to achieve their present material status; besides, people there never face the dilemma of whether to work better or worse, depending on the pay they may get.

The system's leniency found expression in a disregard of the rule the "proper person for the proper post." This was further compounded by impertinent principles of selecting managerial staff. Often enough, this practice involved connections, including family links. Coteries have nothing in common with the party's ideology. On the contrary, they are contradictory to socialist doctrine, and yet the common feeling was that they were tolerated.

Personnel decisions must undoubtedly be left in the party's hands. Otherwise, it would be unable to discharge its duty as the leading force. What must be reconsidered is the problem of personnel quality, both professional and political. I believe it would suffice to install more nonaffiliated people in official posts in order to enliven the old structures [sic] and deflate the opposition's charge of what is called negative personnel selection. The ideological hazard this involves is small. Loyal, nonaffiliated persons would be more useful than disloyal party members. After the 1981 events, saying "disloyal party members" is no longer a paradox. It was a traumatic experience for the party to see some of its members, who owed their careers and property to the people's power, take unexpected attitudes at a tough time for the party, to put it mildly. There are extreme situations in which, notwithstanding one's doubts or reservations, one should take an indomitable stand. Many, too many party members lacked this determination in the difficult days of 1981. As a nonaffiliated person, I watched this development with outrage. Such attitudes certainly did not appear accidentally. The year 1981 showed how saturated the party was with careerists and hesitating people. It was a serious mistake to presume that the demarcation line ran only between those who turned back their membership cards and those who kept them.

We Are So Tolerant

Introducing more nonaffiliated people into the circle of power will be a step forward, chiefly in the psychological sphere. It will enhance the feeling of social justice. However, this alone will set off no major change. Practice has shown that some nonaffiliated people join, when given an opportunity, coteries as unscrupulously as some party members.

No radical change for the better must be expected as long as we adhere to the old value system.

Society (not just the governed, but all people) must orient itself to a new system of values. This is not really a new system, to be honest. It is merely restoring true meanings to words. A work day should be a day of work, product quality an unconditional requirement rather than an empty slogan, and public property as sacred as personal belongings.

In such a new system, work must be authentically appreciated and initiative given free rein. Capitalism, as an economic system, can force society to work efficiently (not all societies, to be true) and to unleash initiative. Our type of socialism has so far failed to do this, because it does not force people but only appeals to them. This is the key fact concerning our failures in the economic sphere.

Mythologized economic patterns of thinking constitute one serious barrier to economic efficiency.

Rather remarkably, people I have talked to have difficulties accepting the above reasoning. They have been fond of sticking to trite stereotypes. They can not, or will not, understand that labor productivity is the central problem of all economy. Not labor as such, but its productivity. On the whole, Poles do work, of course. A reminder that productivity in Poland is four times lower than in the West, that, say, the Warsaw FSO car factory has as many employees and as great a productive potential as the West German BMW company and yet turns out significantly fewer and worse quality automobiles than BMW, should make Poles realize the appalling backwardness of Poland as compared to the most advanced countries. The "productivity = living standards" formula is a mathematical equation with a predetermined result. Unless this canon of economics, which is so exotic to Poles, is fully grasped, accepted or implemented, no sensible economic activity is possible in the modern world.

The low labor productivity is due to the aforementioned factors. The 1970's added one more to these, namely the wishful thinking that foreign loans could do the job of productivity.

Propaganda is also to blame. Casuistry, meanderings on the fringes of economics, publishing mendacious articles--this is what economic education has become in Poland.

As long as this continues, most citizens will attribute the fault on not being able to buy a refrigerator not to a refrigerator factory's low productivity rate but to the state as such. It is the state which refuses to give, the state which raises prices, the state which ships goods abroad, the state which... The rare articles in the press or television broadcasts showing the picture of productivity rates in Poland cannot brighten the murky picture of social consciousness in this respect. Productivity is the touchstone of an economy's efficiency, and not just in relation to 1939, but to leading capitalist companies today.

Capitalism has achieved productive efficiency because of its mercilessness. Socialism must work out similarly efficacious mechanisms of productivity promotion but without invalidating its own principles. So, politicians, economists and production organizers alike should put all their efforts into eliminating factors which hamper high productivity. This will be impossible until existing stereotypes conducive to a tolerant treatment of evils--demoralizing employment surpluses, poor product quality, incompetence, alcohol consumption at workplaces--are overcome. Tolerance of evil practices is a fault of everyone, of society and authorities alike. In this sense, Poland is truly a most tolerant country.

The Reform's Deformations

I am writing about what is good and what is evil; I am writing things everybody knows, or should know. Yet, what can be done for such a state of things to become really, and not only intentionally, attainable?

Offering "good advice" is awkward in a situation when decisionmaking centers keep a whole army of learned advisers. So let me confine myself to just one, which I believe is the most important point: the process of mending economic consciousness should start with managerial staffs. Nothing else can put Poland back on its feet. The fact that some members of this group are all right changes nothing, because patterns are set by the worst members. The weakest component is all-decisive, and Poland's economic management has countless such weak components. The low professional quality of Polish directors is partly a consequence of incorrect criteria for personnel selection, yet chiefly--especially at the time of the "propaganda of success" [the 1970's]--of there being no demand for good work.

Orientation to spectacular successes, anxious to please superiors with superficial achievements, manipulating plan fulfillment statistics, bogus justifications of bonuses--all these are so deeply rooted in the mind of Polish managers that without truly revolutionary changes in value systems no new style of management is conceivable.

In addition to these, the sphere of socialized enterprise management is burdened by yet another impotence which most citizens are unaware of. This impotence derives from a whole syndrome of restraints in a manager's mind, and in his community. Let me single out a few such restraints.

An enterprise's future is not linked to the manager's future. This circumstance naturally curbs his energy, enterprise and initiative.

Since a manager is as a rule at a post only temporarily and knowing that his successor will reap the fruits of his labor, his motivation for taking care of his enterprise's future is poor indeed. On the other hand, the pressure of short-term plan fulfillment does not encourage him to think in long-term categories.

His bid for personal popularity curbs his choice of economically reasonable moves. Such moves are not always hailed by nonofficial bodies, because these latter exist above all to defend somebody or something.

The present organization of economy has already produced deformations of its own. A good enterprise director is one who enables employees to earn good sums. Other things are of subsidiary importance. The "productivity outpaces compensation" principle seems to be a cliche that should be flaunted yet need not be put into practice.

A maximum commitment by managerial staffs to work in long-term perspectives, to work for one's own position in 20 years' time, would be a sphere of above-average successes without which, even if the aforementioned syndrome of evil practices--wasteful materials consumption, laziness, incompetence, drunkenness, etc.--is eliminated, Poland will at best attain an average level of development. If top decisionmakers realize that this particular category of impotence does exist, they can make plans, and engage in personnel policies that may help minimize existing disincentives.

As I have pointed out, society may accept changes only if a new system of values is accepted by all people. But managerial personnel have a special role to fulfill in this, because it sets examples and creates patterns. This system boils down to a single factor--good work. In view of repeated experiences of the unworkability of certain things in Poland, it is imperative to recognize good from bad work, palpable from spurious effects, to pick adequate criteria for appraisal. I take the liberty to propose one such criterion--let every director display as much dedication and energy in discharging his official duties as he does when building his own home. How to promote, exact and control such attitudes, especially under conditions of the reform, is a problem beyond the scope of this essay.

He who can devise a way of forcing directors to take such good care of their enterprises while keeping in mind the overall social interests should be given a Nobel Prize. This would be a major achievement, perhaps of the rank of the Marxian accomplishment.

The top authorities should give a first impulse to a new value system, including a genuine review of managerial staffs. This follows from the special responsibility they bear, from their particular concept of socio-economic organization, and from the danger of underrating economic laws. It seems that the current government, which has proven itself capable of finding optimal solutions to political problems, is particularly apt to undertake this task. This, perhaps, is the last chance.

Enterprise managers themselves should not be expected to come up with such initiative on their own. Evil, or at least helplessness against it, is a feature of social consciousness. The existing system is convenient for the leadership. It is no discovery to say that a majority of society lives quite all right even under the present system. The August [1980] rebellion against deformations committed "at the top" was also carried out by those who created and contributed to socially pathological phenomena "at the grassroots." It is human nature to perceive evil in others. So, I propose we give up any further attempts to make people realize all this. No more appeals, please.

If socialist enterprises have directors fulfilling the above criteria, then the process of upgrading or replacing their deputies, managers or employees will be a chain reaction. New models and patterns of behavior will develop. Abundance of goods need not be instantaneous proof of this. In the initial phase it will do if people are aware that diligence, initiative, honesty and accuracy in work as well as sobriety are spreading.

This task must not be deferred for years. The result of any new social frustrations and a danger of new unrest jeopardizing the fabric of socialism in Poland need not be pointed out here.

CSO: 2600/348

ECONOMIC DECISIONMAKING UNDERMINED BY FLAWED INFORMATION MANAGEMENT

Warsaw ZYCIE GOSPODARCZE in Polish No 45, 6 Nov 83 p 11

[Article by Tadeusz Oldakowski]

[Text] Without information you cannot even formulate your targets, let alone ways of attaining them. It would seem that as material carriers of economic development are depleting a need for exploring the economy's actual potential should become increasingly urgent, which too implies a need for veritable information. In the old days, mistaken decisions--which were mistaken precisely because adequate information was unavailable--could easily be repaired with foreign credits or by reallocating resources previously assigned for other projects which were then halted or deferred.

However, such reserves no longer exist, so that the margin of tolerance for mistakes in decisionmaking has become very narrow indeed. In fact, it has disappeared. Simple logic tells us then that management bodies should attribute paramount significance to truthful information.

Organizational Barriers

Meanwhile, instead of setting up a diagnostic and prospective information system to be used in modifying the economy, Poland's central economic authority uses merely retrospective, segmental and superficial current information, which describes only partial and temporary developments and thus is usable only in short-term decisionmaking, occasionally even to make decisions of only a few days' validity.

In my view, such a policy may be helpful in protecting us against blunders and spectacular mistakes, it is still more effective in forestalling any success. Stagnation at the present development level is the chief danger such a policy involves.

Analysis of recent setbacks point to many unsurmountable material or structural barriers, regarding them as objective constraints. Now I am not saying these analysts are wrong, but I wish they pointed more clearly to the barrier of current organization and management methods.

This sphere can only be activated by people who both desire and can use information properly. These are necessary preconditions. Unless these are fulfilled there is no point in talking of any specific organization and management models.

Alas, as we have no parameters accurately describing our place in economic management and hence are unable to simulate conceivable developments, we are groping in the dark. We keep being surprised by modifications of solutions which had been introduced a short time before; how can such modifications be correct if they are based on no reliable knowledge of what consequences such modifications may entail? Ultimately they can only deepen the economic plight.

But, those stopgap modification proposals generally look so reassuring, promising to permit taking the bull by the horns and forcing it to yield to our will. Thus, they have successively raised hopes for doing away with arbitrary pricing, for preventing enterprises from eating up their value added in favor of development spending, for making them more frugal, for encouraging them to adopt innovative technologies, for stimulating their enterprise or initiative, and so on.

However, these proposed modifications have all been in the way of wishful thinking rather than genuine guarantees. They are illusory not only because they lack any informational groundwork but also because in the phase of specification, which decides their final shape and future consequences, they used to be passed through what the Italians call the sottogoverno (the middle part of the administrative pyramid which does not change despite changes at its top), which will extract from them an elixir theoretically good for any ailing but practically unpalatable.

The economic system introduced in 1982 was designed to stymie enterprises' appetite for wages and to encourage them to invest not only in their stomachs but also in their future. Big enterprises in what is termed the "A" class [capital goods producers] were slow to react. Having seen enough of life they sensed this was but a temporary solution and resolved to wait and see what happens. How right they were! Whereas the extremely expensive Council of Ministers Resolution No 199/81 helped eventually to push the fatigued coal locomotive once more through the troubled year of 1982, the often-cited Resolutions Nos 135, 182 and 186 of 1982 opened the money taps to flood branches which are socially much less important--for they produce mostly for enterprises' own supply--with new funds for wages.

Has anyone calculated the costs of these decisions? Unfortunately, nobody had when it still could be done, that is, before they were made. The public had to wait for a long time for any such calculation, until in summer RZECZPOSPOLITA came up with an anonymous article with relevant data. But, did this article present the real picture? Or did the Consultative Economic Council get closer to the truth with its own estimates (cf. Professor Bobrowski's discussion of them in ZYCIE GOSPODARCZE No 42/83)? To forestall misunderstandings, let me emphasize that the real point at issue is not which of these was right (although the calculation method is

an important matter too) but in just what is the truth, because it is truth, regardless of whose signature is under it, that Poland is as badly in need of as air.

Want of this truth explains why the administratively disciplined quasi-market was flooded with enormous amounts of money having a detrimental rather than convalescent effect on it, a money which only sped up the economy's disorganization. The branch ministries which committed themselves to wrenching out the best wage conditions not for those who should have gotten them in the overall social interest had their fingers in the business. And, they emerged as winners in the end. It was like in the old times. The already inadequate wage structure has only been reinforced in its inadequate shape, for the strong and rich have been gaining while the weak and poor have been losing.

Again, you may be tempted to ask, has anyone assessed the operation's inflationary effects? Has a cost-benefit analysis been made in society-wide and economy-wide terms? Have different decision alternatives been simulated?

Amidst a Flood of Concessions

This economic light-heartedness explains why still in 1983 the FAZ Labor Redeployment Fund (FAZ) continues to be as toothless a scare to mining, heavy and capital goods industries as it was before, while biting hard enterprises producing consumer goods. Strong ministries and strong intra-ministerial vested-interest groups have gained for their darling industrial giants with huge workforces extra FAZ reductions of nearly 5 percent. Is that much or little? It must be a lot if it is equivalent to a net 10 percent output-sold increment at the lowest possible adjustment coefficient. But in fact directors of most of these enterprises have wrenched out still higher coefficients, not infrequently reaching 0.8, and this was further bolstered with lump concessions. Yet the actual output growth-rate was far below 10 percent.

So, extra billions once more swept the market without corresponding goods supplies in shops. How much? For how much? This has not been determined up to now. But, in the first half of this year, the metallurgical industry alone was allowed to pay some 2 billion zloty in wages without FAZ charges on it.

Yet for 9 long months practically no one asked how many enterprises enjoy tax concessions, to what sums these concessions amount, what criteria are used in granting or refusing them, nor what consequences all this may have. Now, consequences must be serious if there are several score of such tax concessions. Perhaps the special commission Deputy Premier Janusz Obodowski appointed on 16 September can furnish accurate answers to this. Perhaps it can even say how the concessions granted on the strength of Planning Commission chairman's ordinance were eventually distributed.

Against the backdrop of ignorance of what was really happening during the past 2 years of the system's continual reshuffling, it is astounding that some people should come forward with authoritative statements that some or other modification proposed for the next few years will have such and such an effect. What is happening, I'd like to know? Why this belief in intuition? I am sure this reluctance to rely on solid information is largely a sad consequence of the previous voluntaristic command system. This is how the whole economic management system has always been working in Poland.

The visceral illness which for years was damaging the economy could not leave the problem of processing the huge amount of statistics incessantly fed to decisionmaking centers untouched. The [1975] liquidation (was it indeed?) of the intermediate management level resulted in shortening vertical channels of information flow by one segment, namely the one which was primarily set on processing information in such a way as to justify calls for extra grants from the central authority. This happened at a time when absolutely everything was allocated centrally.

But, was the liquidation of that "information forger" tantamount to declaring war to all information, as some tried to argue at a time when industrial boards were on their deathbeds, and as some are arguing now, at a time industrial associations are "recovering" and industrial combines are about to reemerge? No, all that was in fact a great opportunity for organizing an efficient information system and securing smooth information flows from enterprises to the central authority.

However, this central authority is composed of many institutions. The circumstance that one of them makes some decision, say granting certain concessions to a group of enterprises, does not mean that the other institutions in it know of this decision. For, horizontal information flows are equally nonexistent in Poland. One reason for this is that there are no people willing or able to cooperate in information production. As there are no such people, there are no possibilities. A vicious circle, if there ever was one.

The Central Statistical Office, for one, has several hundred vacancies and a dwindling number of prospective job takers. Young candidates in particular have recently been a rare commodity, for they prefer going to industrial enterprises in search for better wages. In the industry sector those people add to the administrative and clerical personnel. Curiously enough, many of those fugitives are employed to compile the primary information which is subsequently sent on relevant forms to the central authority. However, no sooner does this kind of information leave its first segment than its utility is reduced.

Filled-in forms first go to Voivodship Statistical Offices (WUSs) for checking and coordination. Because salaries at WUSs are lower still than at GUS, this operation is tantalizingly slow. In effect, the primary information GUS can supply is belated by 6-8 weeks, while any deeper, analytic information lags by many months. Meanwhile, the civilized world operates facilities

which not merely substitute for arduous (and error-prone) human labor but also speeds up the information flow immensely.

Painful Road

Now, there were signs of information and EDP being slowly recognized as important problems during the 1970's. Poland's computerization began. However, the mistake was that although information's importance was understood, those in charge failed to skip their old bad habit of refusing to take notice of any bad, regrettable, troublesome or inconvenient news, deciding under any pretext to pretend such figures did not exist. One such pretext was the argument that, as is known, figures are misleading and that it is people's attitudes that really count. I wish this mode of thinking were on the wane, but as I watch things around me I doubt it is.

Leafing through the 19 September 1983 edition of the French journal ZERO. UN. INFORMATIQUE, I find no less than 23 folio pages of job offers to computer specialists, one outbidding the other in promised benefits. Salaries range from FF 12,000 to 21,000 monthly. The information sector is properly appreciated also in neighboring countries--in Czechoslovakia, East Germany and Hungary.

How about Poland? Here, people side with one of two camps. Some argue that the reform will automatically further the cause of information, that optimization models and cost-benefit analysis will at long last become ubiquitous practice, and that economic effectiveness will thus become a feasible goal. Others are stuck in the belief that intuition and manual control are quite enough to sail the economic ark into the waters of effectiveness and that, later on, everything will automatically run a steady course.

While the latter seem to be prevailing, they are as mistaken as those who want (wanted?) to view the reform as a remedy for all ills. Yet it will not be the reform which will create demand for solid and timely information, but the actual shape of Poland's national economy. This is the road to normalcy Poland will have to go. It is a painful road, but, evidently, the only one. You have got to pay for everything in the economy. Not only for goods or services, but also for mistakes, even for old ones which had cost a lot previously.

Poland has now plenty of coal, of some fertilizers and washing powders. But many goods are in short supply. To what extent have these surpluses been accrued at the expense of maintaining or deepening the shortages? No one knows the answer. But, precisely because no one knows the answer--either before or after the surpluses and shortages arise--the central economic authority's reaction is bound to be belated, and often wrong.

In 1982, the reform was supplied with a stopgap prosthesis in the form of the [Council of Ministers] Resolution No 186, which was preceded by no analyses of desirable and undesirable consequences and even without reviewing effects earlier similar moves had had on various domains and at different moments.

The same was repeated this year. Consequently, during the first half revenue from the FAZ tax was not even 1.5 percent of corporate profits, at a time when enterprises were spending liberal sums on wages and bonuses. This brings us to yet another great Polish specialty, which is to erect a guillotine amidst great publicity only to stealthily take out the axe of it right after that. With such a method, the French Revolution would have ended before it really had taken off.

A reader of GUS reports might ask at this point, how come that industrial wages rose in the first half by about 30 percent (compared to the first half of 1982) if output rose only by 8 percent (and, after price readjustments, still less)? How come the FAZ contributions are so small at such huge wage hikes?

The answer is simple. The taxable base sum has been fixed at so high a level (again, on the strength of Resolutions Nos 135, 182, 186, which were accompanied by no adequate analyses of consequences) that about half of the recorded wage increases are tax-free. So, some enterprises were granted rights to raise wages by 10 percent or even more without FAZ charges in return for 10 percent output increases. On top of this--and this is the next cause of the plight--enterprises manipulate adjustment coefficients as well as a whole series of recognition awards.

To make all this clearer, let us assume that the 1982 output-sold value was 90, the 1983 value was 100, while material costs were 60 and 63, respectively (these are approximately their proportions in the sales structure). So, sales went up 10 percent while material costs increased by 5 percent. This is not to say that enterprises made real material savings. This percentual difference in fact reflects changes in the cost structure with the proportion of wages in it increasing rather than material savings.

A simple reckoning (37:30) will show that net output-sold rose by 23.3 percent. At an adjustment coefficient of no more than 0.5, this enables an enterprise to increase wages by 11.5 percent without fearing the FAZ tax; at an 0.8 adjustment coefficient, wages can be increased freely even at 19 percent. This exposes the essentially erroneous structure of the net output index, its liability to manipulation, and its inflation-enhancing effect.

It is pertinent to remark at this point that enterprises naturally picked the indices they thought would be most advantageous to them. Not infrequently, an enterprise which would have chosen the net output index would have had to disclose a decline in its net output. But if it chose the output-sold measure at selling prices then it came off commendably. Most metallurgical works, for instance, preferred this latter measure, and how they fared on it can be seen from the preceding argument. But how did the whole economy, as well as society, fare on it? Alas, no one has calculated this, either.

The conclusion is, most benefits following either from putting the tax-free base on higher levels on the strength of Resolution 186, or from granting extra concessions or generous adjustment coefficients, continue to be shed on enterprises. The FAZ-tax fetter restrains mostly enterprises turning out goods in greatest demand.

In this way Poland once again faces a situation of growing output being accompanied by falling standards of living. A nonsense? Perhaps, at first sight. But life itself shows it is a fact, and a logical fact for that. What were the chances to avoid this sorry logic of developments, if somebody could, but above all wished, to make proper use of veritable information? No categorical answer presents itself. But perhaps we should remind ourselves of an old Polish proverb which says that unless you learn to do your sums you are bound to be poor. It must have emerged not without reason.

CSO: 2600/352

GOVERNMENT PROPOSALS FOR 'FAZ' TAX SCHEDULE CHANGES DENOUNCED, DEFENDED

'Sledgehammer Tactics'

Warsaw ZYCIE GOSPODARCZE in Polish No 47, 20 Nov 83 p 5

[Letter to the editor from J. Szczudlo, chairman of the Factory Committee for the Implementation of Economic Reform at the Refrigeration Equipment Plant in Debica]

[Text] The justification for the proposed changes in FAZ [Vocational Activization Fund] taxation schedules in 1984 as presented by P. Schreyner in the RZECZPOSPOLITA supplement REFORMA GOSPODARCZA No 26 [see below] serves to reaffirm our belief that the tendency to resort to the "old tried and true" methods of running the economy is still very strong. We also get the impression that the author of this explanatory statement has no regular contact with professional staff economists in business enterprises. The way in which this statement was written and the figures cited to illustrate the point the author was trying to make can be characterized as a typical example of spoon-feeding intended for people who are not familiar on a day-to-day basis with the economics of running a business enterprise. The truths and tabulations "brought to light" by P. Schreyner have been well-known to enterprises for a very long time; most of these facts have been common knowledge since as far back as the date of the promulgation of Council of Ministers Resolution No 243, i.e. on 30 November 1981. So, the publication of explanatory statements like this is a waste of time. When addressing important issues like this what we want are straighforward, honest analyses such as those prepared by the Economic Advisory Council.

From the vantage point of business enterprises the issue is clearcut. Namely, in laying down the rules of the game for 1983 nothing was done to take into account the lessons of 1982. Nothing was done to draw the most elementary conclusions from all this, whereas they want to do something to make up for their own mistakes at the expanse of business enterprises. And to top it off this is supposed to be done by resorting to "sledgehammer tactics." This proposal, which was not preceded by any detailed analysis and according to which that portion of the wage fund for 1983 on which FAZ taxes were already paid is not going to be factored into the 1984 tax base, carries all the cypical signs of being a policy that is tantamount to groping in the dark.

Under existing laws enterprises have the inalienable right to authorize wage increases, basing their judgments in this regard on the size of the profits which they are making. The particular ways in which these profits were earned may also be cited as additional justifications for the exercise of this prerogative. Instances in which this legally sanctioned right has been abused are rather sporadic. The principal reasons for excessively large payrolls are to be found elsewhere, and this is borne out by the low FAZ tax receipts for the first 6 months of this year, notwithstanding the fact that the wage fund itself was growing at a fast rate. In the case of our enterprise the profits earned did not come from price increases, but rather from highly profitable export sales. We also have all the funds we need to finance our capital expansion projects. All of our decisions concerning wage increases have been made in a carefully planned manner. The amount of money that we would have to set aside for the FAZ tax was accounted for in our financial plan, which was drawn up as far back as December 1982. This is why this retroactively effective proposal is such a big surprise to us.

Nor can we figure out why the author of the explanatory statement published in RZECZPOSPOLITA claims that there are no grounds for any talk about these changes being retroactive. The only way one could agree with this would be if this present proposal were to cover earnings paid into the 1984 wage fund and figured as the tax base for 1985.

In Defense of FAZ Taz Changes

Warsaw RZECZPOSPOLITA in Polish 3 Nov 83 supplement pp 1, 3

[Article by Piotr Schreyner published in REFORMA GOSPODARCZA (No 26), a biweekly supplement of the government daily RZECZPOSPOLITA and an official publication of the Office of the Commissioner for Economic Reform]

[Excerpts] One important aspect in the package of measures designed to consolidate the principles and improve the mechanisms of economic reform--decreed by the Council of Ministers last September, and planned to take effect in 1984--is the way the wages are to be formed. It is worthwhile to recall the basic principles in this field, coming into force next year:

1. Just as in 1983, settlements will be based on the amount of wages counted toward costs. In a single exception, the average pay may also be taken as the base for settlement.

2. Contributions to the National Labor Redeployment Fund [PFAZ], paid when a predetermined PFAZ-tax-free threshold for wage payments is exceeded, will be maintained.

The scale of PFAZ rates will be defined in Central Annual Plans.

3. In calculating the threshold for wage payments free from PFAZ contributions, the basis will be taken as the amount of wages paid in the preceding accounting year--but only to the level free from PFAZ contributions, i.e. excluding that part of wage payments counted toward costs which resulted in the obligation to pay PFAZ contributions.

4. The principal mechanism for shaping the final amount of wages free from PFAZ contributions will consist in adjusting the base amount in accordance with changes in the level of production (usually measured by net production yardsticks) and with the predetermined, differentiated adjusting coefficient [wspolczynnik korekty].

5. In particularly warranted cases, selected industries or enterprises will be assigned additional amount of wage increase free from PFAZ contributions.

6. Enterprises which in a given year did not pay out the whole amount of wage fund free from PFAZ taxation may create the wage reserve. Payments from the reserve will be exempt from contributions. The creation of wage reserves is to be permitted already in 1983.

The formation of wage funds, as the pivotal element of the motivational system (which also comprises the profit-financed bonuses, not discussed in this article), attracts general interest. It is this field that conditions the implementation of two major goals of reform--the motivation of the workforce to actions which increase economic effects, and the just distribution of national income, in proportion to the amount and social usefulness of work done.

The above mentioned principles were submitted to the public for widespread consultation. Most of those consulted assessed them as generally complying with expectations and with the assumptions of reform. There is some controversy around the changed formula of base amount of wages (excluded from which is the amount of [previous year's] wages taxed with PFAZ contributions).

Criticism focuses on two aspects. First, the change is said to be out of step with the rest of the system, and secondly--this charge is brought forward more often--its introduction date (as of 1984) is said to be too close, acting almost retrogressively and taking the enterprises by surprise.

Let's try to analyze these charges. Before doing that, however, it will be worthwhile to dwell on the role of PFAZ contributions. Is this economic instrument supposed to play an active function of linking the incomes of enterprise employees to the financial result (profit), and if so to what extent? Or, rather, should it be treated as a flexible barrier to increase in wages not warranted by corresponding increase in social productivity of labor?

Let's view the problem from the standpoint of the reform's general principles. In the target model of reform, the systemic pressure for efficient management and high financial result of the enterprise is supposed to be so great as to render impossible--in conjunction with the principle of self-financing--the creation of excessive wages at enterprise level.

The mechanism of PFAZ contributions was built into the system in order to prevent an excessive increase in wages and to accumulate funds permitting more rational utilization of labor resources.

At the same time, a separate mechanism was introduced in order to ensure linkage between wage payments and enterprise performance--taking the form of

corrections in the base amount of wages, in accordance with production effects. Together with the principle of using for this purpose the net production yardstick, this provides necessary conditions for the shaping of wages in accordance with the amount and social usefulness of work done.

Against this background, it seems warranted to say that the principal goal of PFAZ contributions at present is to provide a flexible--yet effective--barrier to wage payments not connected with corresponding productive effects.

Such a definition of the main function of PFAZ contributions does not entirely eliminate the possibility of their being used for motivational purposes (linkage between wages and the financial result), but this may only be of secondary importance.

It was an obvious systemic loophole so far--from the angle of the above defined functions of PFAZ contributions--that the base amount of wages included the sums taxed with PFAZ contributions.

Such a formula did not guarantee the necessary continuity of calculation. All that was needed was to report a favorable financial result one year, finance a high pay raise with the profit, and then maintain this [high increase] over next year's--even if the performance were to deteriorate substantially. This provided a detrimental encouragement to speculative play with profit and wages.

The adverse consequences of the formula in question were magnified by the high degree of differentiation in enterprises' financial situation--still insufficiently linked to real efficiency of economic activities. It can be seen with great clarity when comparing the long-term consequences of a decision to increase above the PFAZ-free threshold--that is, together with PFAZ contributions--the payments of wages and profit-financed bonuses.

Let it be assumed that an enterprise paid in 1983 the same amounts of zl 100,000 each for wages [counted as costs] and profit-financed bonuses, and that both these payments were in the maximum bracket for PFAZ taxation, that is 300 percent. Let it also be assumed that the principles of PFAZ taxation binding in 1983 do not change. Now we can watch the consequences of these decisions in a slightly simplified tabular form:

Table (in thousand zl)

Specification	1983	1984	1985	1986	1987	1983-1987 together
Wage payments counted toward costs						
1. Amount of payments	100	100	100	200	100	500
2. Amount of PFAZ contributions	300	_x/	_	_	_	300
Profit-financed bonus payments						
1. Amount of payments	100	100	100	100	100	500
2. Amount of PFAZ contributions	300	300	300	300	300	1,500

x/ Wage payment does not induce PFAZ contribution because it is already reflected in the base amount.

And so, if the wage payments exceed the PFAZ-free threshold over 5 years, the total amount of wage payments will reach zl 500,000 against zl 300,000 in PFAZ contributions. The same amount of zl 500,000 paid in the form of profit-financed bonuses will entail zl 1,500,000 in PFAZ contributions. There is no argument that could justify so great a difference.

Against this background, the exclusion (as of 1984) of wages taxed with PFAZ contributions from the base amount of wages seems to be fully warranted. If the existing regulations in the field were to be maintained, this would be tantamount to turning a blind eye to a proportion of enterprises getting unjustified pay advantages.

Let's now turn to the other charge, concerning the late announcement of the change.

The change in question was announced on the same day as many other changes scheduled to take effect as of 1984. There are no grounds to claim that it is retroactive.

Nor can one agree that this change took enterprises by surprise. The excessive commitment of profit to PFAZ payment and the related pay-increase abuses were often the subject of warning and public criticism. Suffice it to mention the well-known PAP communique on the findings of an investigation into huge wage payments in December 1982, which was published in February 1983. Besides, the principles of PFAZ taxation were defined in the budget law--or a document binding for just 1 year--and this should have cautioned the enterprises against committing themselves to wage-related decisions whose effects would be felt next year.

Therefore, it seems warranted that the possible problems to be caused by the discussed change should be tackled on individual basis, and that the difficulties coming as a result of objective factors should be separated from troubles caused by mismanagement.

CSO: 2600/368

RESISTANCE TO SPECIAL INTERESTS SEEKING ECONOMIC RELIEF URGED

Warsaw POLITYKA in Polish No 39, 24 Sep 83 p 4

[Article by Jerzy Kleer; passages enclosed in slantlines printed in boldface]

> [Text] At the end of the year the provisional solutions of the economic reform will no longer be obligatory. They have given the government special powers in order to overcome the lack of balance and ease the disproportions in the economy. A number of provisional solutions, though not necessarily the same, will continue to be obligatory in the economy until at least 1985.
>
> Even though the state of the economy has improved, the mechanisms of the reform in their pure form do not guarantee the regulation of the economic processes yet. However, it is necessary now to stabilize the rules of the game for enterprises for a longer period of time. A session of the Council of Ministers has been devoted to these matters. Propositions concerning the improvement and stabilization of economic regulators of enterprises activity have been discussed and adopted, as well as some solutions connected with the mechanisms of foreign trade and with the reconstruction of the economic structure.

The period from January 1982 until the present moment has been too complex to be evaluated univocally.

Positive phenomena in this period include the achievement of balance in part of the food sector, a good situation in the mining industries, in the power industry and in the socialized and private production of smaller goods: positive tendencies could be seen in foreign trade, if one considers the restrictions imposed by Western countries. Very weak progress in the restructurization of the national economy, especially in industry, high inflation and insufficient supplies of industrial goods are the cause of anxiety.

Philosophy, or the Letter of the Reform?

The reform was introduced in a period which was unusually difficult from both the economical and the political points of view when, after the wave of strikes of 1980 and 1981, it was necessary to reconstruct and sometimes create anew cooperational ties, as well as economic and technological ties between enterprises.

Should we not have kept the old system of management, as some opponents of the reform want? At least for some time? Under no circumstances! The society did not want and could not accept the old authoritarian system that led to the drop of national income by 30 percent at the end of 1982, as compared with 1979. True, the negative effects of the old system of management were increased by the destructive activity of Solidarity, but the causes of the crisis were obviously rooted in the economic policy of the 1970's.

The need to introduce the economic reform, of only in a limited form, was obvious. One might discuss whether certain solutions should not have been introduced differently, but let us remember two circumstances: first, nobody in Poland had experience in carrying out such a deep economic reform; also, the majority of those who put the reform into practice were to find out its results in the course of its implementation. Secondly, the government--the main the economic reform--has been under pressure from various social groups which have had different interests, the implementation of which has led to violations or modifications of the principles of the reform.

Weak coordination between the current economic policy--which has been under especially strong pressure of the crisis situation--and the general systemic principles did not contribute to strengthen the reform. In such cases, as it happens everywhere, a long-term principle has to give way to the needs of the present day. Thus, if we try to summarize the advantages and disadvantages of those principles of the reform that have been introduced, we must take into consideration all these dilemmas which the government and its decisionmaking centers have been facing every day. Too often the question was: /Should we be faithful to the letter or the philosophy of the reform? Should its text be defended, or the conditions of its functioning?/

Despite numerous contradictions revealed in the years 1982-1983, the spirit of the reform has been maintained, and this is the most important thing; one is led to believe that its principles will constitute the foundation for systemic solutions over a long period of time.

What, then, is the greatest weakness of the reform today? I believe it is possible to point out two. /First, a cohesive motivational system has not been created in enterprises. Second, there has been too much declarativeness and arbitrariness, too few objective criteria have been obligatory on the central level, which has led to excessive authoritarian management even in situations in which it was not justified at all./

Thus, if we look carefully at the problems which were the subjects of the government's session, we can bring them down to these two points. The full

list included: governmental contracts, operational programs, principles of controlling the distribution of fuels, energy, raw and other materials, principles of dividing amortization, credits, experimental plant rules of remuneration, remuneration for managers and deputy managers of state enterprises, taxes for the State Fund for Professional Activization, reserve remuneration fund, the social fund, central fund for technical and economic progress, conventional fines for low quality, reductions of income tax for export, payments of awards and bonuses from profits in foreign trade enterprises.

Fewer Programs, More Contracts

Operational programs seem to be a foreign body in the principles of the economic reform. The reasons for their introduction are known, as are their positive and negative effects. However, maintaining these programs over a longer period of time would be contradictory not only to the general principles of the reform, but also to its philosophy; the same concerns control over the distribution of raw materials, other materials and energy. Can we already afford to give up totally the operational programs, control and other ways of authoritarian or semi-authoritarian influencing of the economy? Probably not. But present-day practices require rather serious modifications. Hence the number of operational programs will drop in the next year; there are six of them this year and there will be two or three next year. Government contracts, on the other hand, will be expanded.

According to the provisions presented by the government's plenipotentiary for the economic reform, "the system of government contracts should be considered a permanent element of the mechanism of active influence of the state by economic means on changes in the structure of the economy and the development of preferred directions of social production." Government contracts are naturally an important means of influence, but they had a different role in their original understanding: they were to influence the satisfaction of important social needs and the implementation of specially preferred central capital projects, and to safeguard the implementation of international trade agreements. The definition quoted above extends the notion of government contracts considerably. This tool should not assume a universal character.

Government contracts are to be granted to those enterprises which are prepared best for them, according to objective criteria and not according to the founding organ's, i.e., the ministry's, discretion.

Next year and in the future principles will be introduced which will guarantee that these contracts are given to those enterprises which win an auction, i.e., those that will guarantee the highest production from a defined amount of deficit production means and under the most advantageous conditions. It is important to note: /all/ units are to be allowed to participate in the auction, irrespective of their status, and the founding organs (i.e., branch ministries) are /not to have direct influence/ on the distribution of government contracts.

Government contracts will probably undergo numerous evolutions in future, before they become a permanent element of the new system of managing the economy.

What we should aim at now can be brought down to trying to safeguard a msximally high degree of objectiveness in distributing these contracts, so that they are given to those enterprises which are actually managed in the best way. The effectiveness of this form of controlling the economic processes will depend on the degree to which pressures from branch ministries concerning the ways of distributing the contracts can be overcome.

This Is Not Philantropy!

The most important problem now seems to be safeguarding the stability of conditions for the activity of enterprises. As long as there are no stable rules of the game, it is not possible to check if the introduced systemic solutions are effective, or whether individual enterprises and groups of enterprises are capable of performing efficiently. The rules of the game in force at present in the field of taxes and tax reductions are ambiguous and complicated. No one is capable of evaluating properly the efficiency of the taxes and tax reductions. The systems of reductions of taxes, interest, division of amortization, etc., have the basic disadvantage of being dependent on discretion. It is easy to imagine the negative effects produced by a non-objective system, which is dependent on the decisions of officials to a considerable degree. A total of 34 types of reductions were obligatory last year and over 20 are obligatory this year; it is necessary to decrease this number. During the above-mentioned session of the government it was emphasized that there is no information on the effectiveness of these reductions. Attention was also drawn to the fact that while in the 1970's the person managing the supplies used to be one of the central figures in an enterprise, a similar role is presently played by the "reductionist," i.e., the person who knows how to go about obtaining the reductions.

The only sphere that should be liable to reductions is exports. Only exports deserve such support. Decreasing the scope of reductions and the number of enterprises utilizing them will not be easy, because the belief that it is not possible to announce the bankruptcy of a socialist enterprise (!) is still shared by part of the decisionmaking cadres and because a number of people in the managerial staff believe that the system of reductions may create equal opportunities for enterprises working under different conditions; the sooner this illusion is discarded, the better. /The economy cannot be based on philantropical principles and, after all, a developed system of reductions is in many cases nothing other than acceptance of poor performance of enterprises.../

Taxing profits is another great problem. Maintaining the obligatory progressive system of taxing seems impossible in the long run, if the enterprises are to be self-sufficient, self-financing, expansionist and efficient. The introduction of the progressive income tax was probably justified by the needs of the day but, as a consequence, it has prevented the creation of healthy motivational systems in enterprises. /Finally, there is universal agreement that it is necessary to give up progressive taxing in favor of linear taxing./ The argument at the session of the Council of Ministers did not concern the principle, but the form of this linear tax. Should it take into consideration only the achieved profits, or the different situation of the enterprises, too?

Since the argument was hot and simulation studies of various solutions had not been carried out, the choice of a specific variant was temporarily suspended.

When choosing taxing solutions, it is necessary to consider that /taxing the profit cannot guarantee achievement of diversified goals:/ e.g., it is not possible to influence efficient management as well as changes in the structure equally well; the latter undergo changes under the influence of the market and supplies rather than taxes. /Secondly, the most important thing for the enterprises now is to maintain stable principles of functioning;/ the transition from one system of taxing to another must be as painless as possible. /And thirdly, the system must be maximally objective,/ and should have no place for discretion based on the subjective evaluations of even the most objective officials.

Taxing profits should promote the effectiveness of management, the creation of motivational systems promoting higher performance, and not safeguard social justice understood in a trivial way.

And So What?

This last question has been one of those appearing most frequently in the mass media over the last 2 years and it has been the subject of numerous stormy discussions. As is usual in such situations, not a step has been made to bring the opposing views closer. It is even difficult to be surprised at it, since the opponents have, as a rule, argued from different premises and have had different aims. One thing should be said, though: the government has not been under such strong pressure of various social and professional groups, whose interests would be so divergent with the general goals, for a long time. It seems that the elementary truth resulting from the principles of the reform has not forced its way to the social awareness yet. /The reform leads, or will lead, to the diversification of the material situation of workers. And all pressure on the central authorities to decrease these differences leads to increasing the economic and social problems./

Inflation is one of the greatest obstacles in overcoming the economic difficulties. It is known that, at least this year, the anti-inflation program will not be realized; the rate of inflation will be much higher than predicted, which does not allow for assuming very good effects in fighting it is upcoming years on the one hand, and makes genuine efficiency calculations in enterprises impossible, on the other. Inflation exceeding 15 percent (some experts maintain 10 percent) obscures the calculation in an enterprise. Examples are known from big concerns, e.g., Volkswagen, which had branches in countries of the Third World, in which when the rate of inflation exceeded 15 percent they could not find out whether their activity was profitable. I do not think this is easier in our conditions. High inflation leads to a lack of real conditions for evaluation of what is actually profitable economic activity and what is not. The calculation remains unclear.

The experience of the last 2 years only (not to speak of what was going on in the years 1980-1981) provides evidence that inflational tensions arise from

decisions undertaken both on the micro-level, i.e., in the enterprises, and from the economic and social decisions of the state. The decisions of both these levels are not equivalent. We remember the hot debate concerning the payments of enterprises in the last quarter of 1982 which took place at the beginning of the year. Recently I had the opportunity to get acquainted with one of the studies concerning the sources of inflational pressure in 1982; it turned out that the share of the decisions of enterprises did not exceed 7 percent of the total growth of means which contributed to the inflational pressure.

It is not really significant whether it was 7 or 10 percent. It is important that the central authorities have been under constant pressure from various professional and social groups to increase salaries for some time already. The justifications are rational in many cases. So what? At some moment the government has to say: no. This is one of its duties, too.

12417
CSO: 2600/233

OFFICIAL DISCUSSES SITUATION IN SOCIALIZED SECTOR OF AGRICULTURE

Warsaw RZECZYWISTOSC in Polish No 36, 4 Sep 83 pp 1, 7

[Interview with Franciszek Teklinski, president of the Central Union of Agricultural Production Cooperatives, by Jadwiga Bielecka: "It is Easier Together"]

[Text] [Question] Mr President, how is the socialized sector of agriculture weathering the crisis?

[Answer] The years 1980-1981 were not typical periods of time, mainly because of the gathering socioeconomic and political crisis in the country. The crisis was late in reaching agriculture. Its effects were more distinctly apparent in 1982 in particular. The political crisis exerted a negative influence on the atmosphere of socialized farming. It was especially criticized, and there were attempts to destroy the cooperative sector. Socialized economy has been blamed for failures in agriculture in the past 10 years. The years 1981-1982, however, were above all a period of stabilization and coordination in the economy.

[Question] Not to mention biased accusations, were there also valid critical observations registered with the cooperative sector?

[Answer] Healthy criticism was leveled at the subsidy system, which after all exerted a negative influence on the liberation of farm initiative of individual sectors.

[Question] In what manner did socialized agriculture react to the crisis?

[Answer] It began to initiate farm reforms rather early and consistently. It was the only way to make any progress. Agricultural cooperatives adopted the new principles of farm management already in 1981. They were dependent on an independent study of economic-financial plans, organization of the economy, abandonment of unprofitable and deficit courses of production. Beginning in 1982, agricultural production cooperatives were already functioning according to reformed principles. Since 1983, from the moment of the inception of the "cooperative law," which confirmed and sanctioned the right to full independence in farm management, the exclusive right of cooperative self-regulation in deciding issues for cooperatives and families associated with them was strengthened. The extent to which the subsidy system contributed to the development, mainly of animal production, can be equated with

the new economic principles that created the conditions for further comprehensive development.

[Question] What are the results of the reform in agricultural production cooperatives?

[Answer] A slight decrease took place in the livestock inventory--excluding the hog herd. In 1981 and 1982 the tendency to upgrade the cultivation of grain was maintained; its share in the sowing schedule amounted to almost 60 percent. The processing of agricultural products expanded. The value of goods and services sold increased by approximately 82 percent, of which the processing of fruit and vegetables constituted a dominant position. Production cooperatives are providing services to the community, especially the farm population with increasing frequency. But most significant is the fact that they farm 3.9 percent of the country's arable farm surface land, and in 1982 contributed 8.6 percent of the total grain and oleic plant output, 5.5 percent of livestock, 6.8 percent of eggs and 7.6 percent of wool to the socialized output.

[Question] Many agricultural cooperatives are not only engaged in the production of bread, meat, vegetables and fruit, but also in the manufacture of industrial articles. Doesn't such diversification reflect negatively on the performance of one's regular work? And is it justifiable?

[Answer] Moonlighting plays a large role in cooperative endeavors, and this mainly evolves from a need to supplement farm work. Moonlighting provides additional employment for members of cooperatives and likewise the neighboring farmers; it provides for the utilization of local raw material resources and contributes to satisfying demands for production in short supply, and whose lack thereof is felt by the expanding cooperatives, the village or agriculture in general. The dominant trend for moonlighting in the Farm Production Cooperative [RSP] is the production and service of repair-building plants, the manufacturing of materials and prefabricated structures to serve the needs of cooperatives themselves as well as the communities. Cooperatives likewise are engaged in providing farm services. Is this a normal course of action? Well, it must be stated that as in the case of the Hungarian cooperatives, as well as on the basis of long years of experience already in our RSP's, production from moonlighting in no way limits the development of farm production, but rather aids this development. Higher incomes derived by cooperatives conducting such work make it possible for them to allocate considerably more funds to the development of fixed assets, which is an undeniable investment in the development of collective farming. Furthermore, but by no means meaningless, is the filling in of gaps by the RSP's in areas of production and services for which there exists considerable need in farming, as is the activization of the rural community in the sphere of cooperative activity.

I wish also to emphasize that the Ninth Plenum of the Polish United Workers' Party Central Committee [KC PZPR] and the Supreme Committee of the United Peasant Party [NK ZSL] in the matter of village and agricultural development likewise regarded as expedient the organization and development of--besides farm cooperatives--horticultural-handicraft as well as agricultural-industrial

cooperatives, adapted to the needs of local conditions, indicating that the "Cooperative Law" gives broad potential for various forms of cooperative associations.

[Question] How does all of this react on the economic situation in the RSP's?

[Answer] Well, the RSP's achieved greater production in 1982 than in the previous year with fewer employees. An increase in labor productivity followed, as well as distinct improvement in the material economy. In comparison with last year, a 32.5 percent increase was recorded in the value of goods produced. Cooperatives in their efforts to raise funds to finance their own work earmarked a larger percentage portion of general income for statutory allowances, but allowances for the supply fund were, for the most part, earmarked for investment purposes. Furthermore, there was an increase in statutory allowances for social and housing funds. In sum, therefore, the efforts of cooperatives in the first year of reform should be regarded as positive.

[Question] But, Mr President, one still continues to hear the opinion that those are collective farms receiving protective treatment on the part of the state, and here one detects a derogatory opinion in such allegation. Is that true?

[Answer] Since January 1982, a new economic-financial system governs the cooperatives assuming self-financing for agricultural endeavors. This is dependent on the fact that cooperatives finance their investments and exploits with their own resources supplemented by bank credits. But the conditions for obtaining and utilizing this credit by the RSP's are uniform for all agricultural farms in Poland. Production cooperatives derive additional financing from the state budget for producing protein fodder compounds and services in quantities and on generally accepted principles. Subsidies for the production of protein fodder compounds are extended to compensate for uncovered costs in the price set by the state for these compounds.

On the other hand, state financial aid is limited only to certain farm services, and only those critified by the RSP's for the exclusive benefit of private farmers. Furthermore, it is necessary to emphasize that cooperatives do not receive any subsidy for work of this type which is performed within the cooperative and is related to the process of agricultural production.

[Question] And from what type of aid do they derive benefit? Perhaps, for example, they receive first hand professional training?

[Answer] The cooperatives do not benefit from the counselling and assistance of the gmina farm services. The RSP's themselves employ agronomists, gardeners, zoologists, mechanics and veterinarians. Besides this, the new "Cooperative Law" expects the RSP Union to perform organizational and training functions as they relate to associated cooperatives. Cooperatives neither currently nor in the past derive any benefit from priority privileges in reclamation or integration. These endeavors have been conducted to date in conformity with the plan adopted and implemented for the entire village.

[Question] Consequently, under what terms do the RSP's operate as compared with the remaining sectors of agriculture?

[Answer] In 1982, cooperatives managed at most upwards of more than 790,000 hectares--38,000 hectares less than the previous year (these lands reverted to the National Land Bank). To a large extent, cooperatives farm on subdivided land, often comprising dozens and more parcels scattered over several villages. Furthermore, a considerable number of them belong to class V and VI land. There are 186,000 hectares of land awaiting reclamation, 162,000 hectares awaiting merging and exchange, 40,000 hectares awaiting recultivation.

In the preceding period of time, cooperatives performed reclamation and recultivation work with their own forces, but with an assist from budgeted funds earmarked for those purposes. Currently these endeavors have been considerably restricted, because of the existence of the principle of complete voluntariness, and of the interest by all village inhabitants in integration. But the traditional attachment of the farmer to his land renders impractical any reconciliation with reasonable efforts to liquidate enclaves and exchange distant and subdivided tracts of land. This very frequently impedes the coordination of farms by cooperatives.

[Question] Why do some collective farms show losses, while others--under similar circumstances--prosper?

[Answer] A good atmosphere in collective cooperatives has a decided influence on results achieved in every RSP. It is an obvious and comprehensible fact that invariably, in the initial phase of collective activity, there follows a clashing of opinions and attitudes on the part of individual members. Hence, it is relevant that this phase should pass as soon as possible, because to a large extent the favorable results of cooperative efforts depend on unanimity, harmony, as well as strenuous honest work, foresight and thrift.

Furthermore, returning to the question raised, it should be stated that, in spite of the apparent similarity in the individual RSP's, as well as the circumstances under which they began to function, there are many characteristics that distinguish them. There is a group of old, organizationally and managerially strong RSP's that do not have the problems and difficulties confronting newly emerging cooperatives. A portion of cooperatives emerging in recent years was organized on State Land Fund [PFZ] tracts of land, as well as on the basis of dissolved Agricultural Circles' Cooperative [SKR] farms. These cooperatives are currently farming, for the most part, on tracts of neglected, subdivided and most frequently the most inadequate land. Contrary to the prevailing opinion, no one was eager to farm such parcels. Limited training in the cooperative family made it impossible for those cooperatives to create a suitable production base, restore the land to suitable cultivation status, and select and complete those production measures which would be most suitable and most favorable under the specific conditions of those cooperatives.

[Question] In that case, how will financial policy be adjusted with respect to the RSP and its members? Is it rumored that income and equalization taxes continue effectively to eliminate valid agricultural undertakings?

[Answer] Income from producing farm cooperatives is annually assessed the nontrifling sum of 5 billion zlotys by virtue of taxes and other financial service obligations, including, inter alia: land tax, tax on special parcels and real estate, a combined tax on emoluments to workers employed on the basis of a labor agreement, premiums to the State Insurance Office [PZU] and the gmina fund, forest and electricity payments. Furthermore, at its last session, the Sejm adopted an equilization tax statute that likewise included the income of RSP members. In the course of preparing this statute, active discussions among members of the cooperatives provided many observations, stipulations and suggestions that were conveyed to the minister of finance. The final draft of the statute resolved certain proposals, and income attained from basic production was excluded from this tax, that is, vegetable and animal. An equilization tax will be imposed on income derived from moonlighting production by members. It should be added that all manufacturing work based on agricultural raw materials and farm services was added to moonlighting production.

[Question] What interferes with the creation of new RSP's?

[Answer] New cooperatives continue to be organized, although on a lesser scale than in past years. In 1982, 23 were founded, and 5 this year. A portion of these cooperatives sprang up as a breakoff from larger agricultural cooperatives, plants and branch offices. Cooperatives likewise spring up spontaneously, having been organized by private farmers. The new "Cooperative Law" anticipates the possible organization of RSP's with a minimum of 10 members, consisting of at least 5 farmers with tracts of land on deposit. The fact that fewer new cooperatives have materialized of late can be attributed to many reasons. The main cause of this is, as can be presumed, the present economic condition of the country, lack of the means of production which is generally perceptible, fluctuating prices, credit problems, the issue of taxes as yet unresolved, and the generally prevailing opinion, which in this case I imagine is being confirmed, concerning more profitable developmental conditions for private farms. The beginnings of collective endeavor--and this pertains not only to the rising RSP's--are always difficult and require of the founders much self-denial, self-sacrifice and consistency in performing one's duties.

All of this--in view of the difficulties surrounding us--can, in a certain sense, intimidate potential founders of RSP's, fill them with apprehension as to whether their intentions will be realized. It should also be stated that following a turbulent period of criticism, unfortunately not always valid, the climate surrounding cooperatives is still not the best. It is all the more startling that the majority of cooperatives are good farms, are leading in their community, producing more and possess better working conditions. But, however, one feels a good deal of prejudice towards RSP's on the part of private farmers. Therefore, the founding of new RSP's is dependent not only on economic conditioning, but on the necessity to formulate a climate of confidence andfaith that more can be accomplished by collective action, and will reduce the work load.

[Question] What is the status of mechanization, buildings and the potential for various types of investments needed by cooperatives?

[Answer] In 1982, further growth took place in the value and efficiency of the fixed assets of cooperatives. A majority of cooperatives, especially the older ones, own good buildings, are fairly well supplied with machinery, farm equipment, means of transportation and tractors. The endeavors of cooperatives during the first year of reform were geared to reasonable and maximum utilization of available assets. Many RSP's then reached the decision to dispose of unnecessary and worn-out machines, equipment and means of transportation. As a result of coordinating farm procedures, the size of the animal herd was likewise adjusted to the availability of fodder supplies in the RSP's, which resulted in the elimination of a certain amount of livestock from service.

A problem mostly encountered by the RSP's was the suspension--due to American restrictions on fodder--of production of slaughter chicks. As a result of this, out of approximately 1900 poultry facilities in the RSP's only a few are utilized and they function inconsistently with original intentions. This brings definite unfavorable financial results to the cooperatives. Of course, the cooperatives utilize the broiler rooms to conduct other phases of animal production; however, this does not and cannot have a permanent status.

In 1982, cooperatives for the most part completed construction investments begun in previous years, and in only a few instances undertook the construction of new but smaller production facilities. Because of the impossibility of scheduled land cultivation, the implementation of over 100 building investments with a cost estimate value of 7 billion zlotys was postponed. Likewise, many changes in appropriations for facilities were instituted, mostly farm buildings, adapting them to present fodder capabilities of cooperatives. Investment under new economic conditions requires prior study and the appropriation of specific funds from income for this purpose, which the cooperatives depend upon to obtain supplementary bank credit. Current investment practices in the RSP's, after years of investments thoughtlessly imposed on cooperatives with the promise of conveying to them future tracts of land, are implemented with great moderation and wisdom. They will indeed be indispensable investments on which the subsequent development of cooperative farming will depend.

[Question] In which regions of the country does one encounter good RSP's, and where most frequently the weak?

[Answer] During the 1950's, most cooperatives avoided dissolution in the western areas of the country, and especially in the former provincial limits of Poznan, Bydgoszcz and Opole. In these regions, in the last 10-year period, the greatest progress took place in the building of RSP production bases, improvement in farming efficiency, as well as their organization.

The number of RSP's has likewise expanded, the status of tracts of land owned has improved, although during this same period of time general RSP development was evident in all provinces. Where most of the new cooperatives emerged, by the law of averages there are also those that have not succeeded in erecting a suitable production base, completing the merger of land tracts, as well as strengthening themselves organizationally and cadre-wise. Hence, the RSP's have the greatest difficulties, and it is impossible to draw a line dividing them into weak and strong RSP's. This depends on the period of activity and

on many other factors, and mainly on the basic means of production, which is land, its quality, the degree of subdivision, etc. Therefore, it so happens that wherever good RSP's exist, one likewise encounters weak cooperatives.

[Question] The oldest and best cooperative...

[Answer] We have very good RSP's in certain phases of production, for example, in the breeding of cattle the Lublin RSP in the province of Bydgoszcz has achieved general recognition. There are good RSP's conducting multiphase farming activities, such as Buszewko and Czempin in the province of Poznan. Witkowo in Szczecin Province or Srebna Dabrowka in the province of Lodz are cooperatives that should be included among the oldest cooperatives.

[Question] To what extent are agricultural results of the RSP's attributable to the education of the president and other members of that collective body? Does there exist some organized system for training RSP cadres?

[Answer] Undoubtedly, favorable results from farming depend on good management that possesses work expertise in the collective body. It is necessary for one to realize that even in a productive cooperative, all members participate in making decisions, including those of an agricultural nature. The role of the president and other people managing the cooperative is even greater and more responsible. In their position they must gain the confidence and respect of the entire group of cooperatives with their skills. This indeed is the basis of good collective activity.

For a long time we have been attaching much attention to cadre training in the RSP movement. Presidents of new RSP's, as well as persons assuming these functions for the first time, are trained at centrally conducted short-term courses. RSP cadre training, organized by provincial RSP's and Provincial Center for Agricultural Progress [WOPR] unions, is conducted on a permanent basis at the provincial level.

[Question] What are the advantages of collective endeavors?

[Answer] They are numerous. In my opinion, collective farming guarantees large farm production, work for people according to their qualifications and predilections, the potential for using modern technology: methods for organizing production, less burdensome work, favorable socially-vital conditions, kindergarten, canteen, holidays, summer camps, vacations, generally an 8-hour work day, etc. Also not to be regarded as trifling is the right and the possibility for active participation in deciding the fate of farming and its course of activity.

It should be emphasized that the disclosed and undisclosed advantages of collective activity stand out strongly in well run cooperatives. These cooperatives possess the material and social conditions for full implementation of the demands of socialist farming. For that reason, also, the total activities of unions and active members are concentrated on providing comprehensive assistance to the organizational and agricultural strengthening of cooperatives, so that every cooperative may serve in the name of modern cooperative farming.

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HEALTH OF AUTOMOTIVE INDUSTRY ASSESSED

Warsaw RZECZPOSPOLITA in Polish 1 Nov 83 p 4

[Interview with Roman Pijanowski, president of the Polish Motorists Union [PZMot], by Marek Godlewski]

[Text] [Question] Poland's automotive industry is at a turning point, facing many difficulties. The FSO car factory in Warsaw and the FSM factory in Bielsko Biala are unable to reach their full output capacities, partly because they lack components. Is it then meaningful to ponder or speak of the development of Poland's automotive industry under these conditions?

[Answer] Your assessment of the situation is rather euphemistic. To me the existing situation is even more dangerous. All that was achieved in the field of motoring in the 1960's and 1970's is now being threatened. Since the moment Poland bought the license for the production of both the Fiat 125 and Fiat 126 cars, Poland's motor industry has made practically no effort to work out new versions of private cars. There are no plans for new constructions, technological innovations or for raising car output figures. In Polish conditions, working out a new model cannot take less than 7-8 years. It can even be as long as 10 years. According to the very incomplete information I could get hold of, Poland's automobile industry will achieve the 1980 car output level in 1985-86. Even so, production of these cars is likely to involve a lowering of quality standards, as the plant used for production is naturally wearing down. Body-forming presses in particular are now in ramshackle condition, as both production of the 125 and 126 models have already passed the 1 million mark, thus exceeding the presses' utility levels.

The sole reaction to that grim state of affairs are timid attempts to design new models. Unless something changes and unless Poland's automotive industry manages to collect indispensable funds, no new model will appear sooner than in 8 or 10 years' time. Until then Poland's car factories will continue to turn out obsolete cars, which means Poland will lose its competitive edge in foreign markets.

However, this does not apply to the Polonez [car model]. Thanks to its quite contemporary shape (especially its body) this car stands a chance of

being produced for a long time yet, also because still too few cars roll off the assembly line. The machinery and equipment used for its production are good enough to withstand the wear and tear of producing 1 million cars. But there is the problem of its engine. Needless to say, the heavy-bodied Polonez must be supplied with an engine much stronger than the one now fitted in it. The new engine must have entirely different parameters. Unfortunately, the Polonez production program was implemented only by half because production of engines initially intended for the Polonez never really took off. It has to be added that this was not the car factory's fault. Everyone is aware of the fact that the best solution to the Polonez car situation is to furnish it with a diesel engine, which would improve the car's driving parameters, lengthen the operating period of the power drive system, and reduce repair costs. This is why FSO's effort to design its own diesel engine is such an important task. Such an engine would be fitted in delivery vans as well. Buying several hundred Italian diesel engines does not solve the Polonez production problem.

[Question] But an increased number of cars on Polish roads will burden Poland's fuel reserves, won't it?

[Answer] The fuel problem has to be considered in a broader context. I am aware of Poland's financial plight, which prevents the government from buying any major quantities of oil. Yet people must understand that increased oil supplies are needed, less to meet motorists' demand than to satisfy the whole economy's increased appetite for that fuel. The chemical industry, which determines the output of artificial fabrics, rubber or asphalt, is dependent on oil imports first of all. If Poland's economy had at its disposal a sufficient amount to satisfy its chemical industry needs, then motorists' demand for gasoline, which is only one oil component, could be met in full.

[Question] Don't you think that the present economic crisis justifies a check on the expansion of motoring in Poland?

[Answer] Not at all. I am not going to outline for the umpteenth time the PZMot reasons for expanding motoring, for there are many such social and economic reasons. A car is not only a means of transport, it is also an innovation-promoting factor. As car production is one of the decisive factors behind technological progress, other countries pay great attention to car production development.

[Question] You seem to be pessimistic about prospects for an early marketing of a new model in Poland. Is all-round assistance from renowned car manufacturers a way out?

[Answer] If FIAT of Turin offered Poland assistance in marketing a new car on terms similar to those granted with its license for the 126 model, then the Polish car industry would be given a great and profitable opportunity. The development period (I mean a car with a 900-1300 cc engine) could then be shortened by half or even more in comparison with the previously

mentioned 8-10 years. Let me point out, though, that Polish engineers and technicians are able to work out a good Polish car on their own. But a license would significantly shorten the entire process of bringing a new car to the Polish market. The overriding thing is that this production would have to ensure good rates of return.

CSO: 2600/349

EXPORT SALES OF HEAVY INDUSTRIAL GOODS STILL SLACK

Warsaw LAD in Polish No 41, 9 Oct 83 pp 2, 3

[Article by Henryk Borucinski]

[Text] Low output, insignificant exports, indebtedness, an adverse balance of foreign trade, high unit consumption of materials and energy, low productivity, the lack of market equilibrium and galloping inflation were but some of the problems afflicting the Polish economy at the beginning of 1980. However, today we already know that 1980 was the best year in the Polish economic performance as measured by the production volume and foreign trade turnover. Today, if we want to see how successful Poland has been in extricating itself from economic depression, the 1980 figures provide a convenient yardstick. The problems have remained the same, only the scale is different.

Let's take a look at foreign trade. In 1980, foreign trade turnover [current account] amounted to 2,200 billion zloty. Exports totaled slightly more than 1,000 billion zloty, and imports about 1,200 billion zloty. In 1981, turnover declined sharply. Exports went down by 20.1 percent, with a 27.6 percent decline in exports to Western countries alone. Meat exports suffered the most--an 80 percent slump, coal exports were down 61 percent and copper products were down 38 percent. Exports of engineering industry wares were less affected, as they dropped by a "mere" 10.4 percent, yet it later turned out that this particular industry [embracing mechanical and electrical engineering, electronics, metal working, precision engineering and production of transportation equipment, including shipbuilding] was hit by the crisis the hardest. While there has been a growth tendency in the extractive industries since mid-1982, engineering is still suffering from the recession both in output as well as exports to Western countries.

The absence of foreign credits caused a drastic (35 percent) drop in Polish imports from the West in 1981. This became the greatest dilemma of Polish foreign trade. Lacking the indispensable raw and intermediate materials and spare parts imported from the West, a considerable part of Polish engineering industry plants have been running in a low gear. As a result, this industry's share of exports has been steadily on the decline.

The value of imports in 1982 amounted to 862 billion zloty. Of this figure, 547 billion zloty (as compared to 530 billion in 1981) came from socialist countries, and about 315 billion zloty (434 billion in 1981) from the remaining countries.

This shows that, had it not been for a certain improvement in imports from socialist countries, Poland would have recorded a record shortage of imported raw and intermediate materials in 1982. This is a typical example of the communicating vessels system, because one can say that the size of the [import] "gap" was determined by exports. Denied credits, Poland has to pay for almost 100 percent of its Western imports in cash, i.e., from current returns of exported goods and services. And how do the latter stand? In 1982, the value of all Polish exports amounted to 947.4 billion zloty (as opposed to 846.2 billion in 1981), of which 507.7 billion zloty was earned from exports to socialist countries (compared with 410.6 billion in 1981) and 439.6 billion from other countries (435.6 billion in 1981). This was an evident improvement over 1981, but a lot still has to be done to return to the 1980 level, which it must be remembered was far from satisfactory.

The situation of the engineering industry adversely affects the overall situation of exports. In 1980, the value of exports from this industry (even then sharply criticized for the poor results of its export production) reached 411.5 billion zloty; in 1982, this figure was 416.8 billion zloty, whereas the plans for the current year anticipate exports worth 439.4 billion zloty, or 6.7 percent more than in the best year of 1980. At first glance, this isn't so bad. However, a more thorough analysis of the situation shows that the key issue for the entire economy is to restore the growth tendencies in the engineering industry's production and exports to Western countries.

The industry's export growth in 1982 was achieved at a time of a decline in its output, which means that this was attained at the expense of supplies for the domestic market. This kind of maneuver cannot be repeated, and it can be said that this unusual source of export products has been exhausted.

The geographic structure of these exports is very disadvantageous. In 1982, these exports surpassed the volume achieved in 1980, but this is wholly attributed to increased exports to socialist countries. It will still be possible to maintain the high volume of engineering products sold to socialist countries in 1983, but what is going to happen in the future?

Socialist countries, just like Poland, have been cutting back on development programs and would like to buy the same goods Poland wants to import--consumer goods, raw materials and components. Poland has reduced its import of machines and equipment from CEMA countries and can now anticipate "reciprocity."

Meanwhile, in 1980, the engineering industry exported to the West 162.7 billion zloty worth of goods (which was very little indeed), and in 1982,

the figure was down to 140.4 billion zloty. The Central Annual Plan for the current year anticipates engineering exports to the West worth 148 billion zloty, i.e., barely 90 percent of what was attained in 1980. Yet this is the industry which has to bear the brunt of repaying Poland's debt.

The whole burden of making up for losses falls on the same branches which for a decade have been in the lead in the entire engineering industry. These include the automotive industry, the production of power generating equipment, shipbuilding, machine tool industry, as well as those producing household appliances and building and road construction machines. This was the list of top exporters in the period prior to 1981. At present, the field is led by the power generating equipment industry, shipbuilding, and the manufacture of building equipment. However, the current "leaders" do not owe their high rating to improved performance, but to a drop in the output of the other branches.

The ground lost in foreign trade has to be regained while the old structures remain constant. The reason for this is that industry not only has no money to invest in new projects, but cannot even afford to replace the machines and equipment which are worn out and broken.

Taking the above into account, Poland has to seek buyers for its traditional products. These can be developing countries, particularly ones without financial troubles.

Marketing problems are one thing, and the scarcity of exportable goods is another. A major growth of production will take time, but even now Poland can try to sell more engineering industry wares to Western countries and reduce exports to CEMA states as the balance of turnover with the latter countries was achieved earlier than originally expected.

This year's export performance by industry shows that the unfavorable trends in the volume and geographical structure of exports have prevailed despite the fact that a majority of engineering branches have recorded some production growth.

Maybe a change in the tax system would be a significant incentive to export growth. Most industry representatives as well as scientists have been urging the abandonment of progressive tax rates in favor of linear taxation. This is a justified demand. The progressive corporate income tax rates do not encourage enterprises to maximize output and improve the standard of their products. It does not permit enterprises to self-finance their development through capital projects. Maybe this is where one can find the reasons for stagnation in the engineering industry.

CSO: 2600/351

FEDERAL BUDGET, ARMY EXPENDITURES FOR 1984 DISCUSSED

Zagreb DANAS in Serbo-Croatian 1 Nov 83 pp 8-10

[Article by Djuro Zagorac: "In the Jaws of Inflation: No One But the YPA Is Giving Up Vested Interests"]

[Text] According to the forecasts, we will end up this year with an inflation rate of 6 percent. In that respect the year will break the record in the country's development to date, and we will be among the countries with the highest inflation in the world. Such a high rise of prices need not in and of itself be fateful to future development if inflation is reliably managed, if it is controlled. Under our circumstances, it is specific, it has escaped both from government and economic control, prices are being hiked up on the cost principle and are not resolving a single economic problem, and they are causing general instability and uncertainty in which all are ultimately losers.

The wrestling match with prices is entering its dramatic denouement. High prices also signify high gross income of the economy, and through it all the other balloons are also inflated, everything is raised to a higher level, but not on the basis of higher output and efficient conduct of business. According to the operating results of the economy in the first 6 months of this year, it is clearly evident that the real results of business in this year have deteriorated, that we have been producing inefficiently and operating business less well than in the first half of last year. After the "thawing" of prices in midyear, their rise threatened to nullify all the constructive results which have been achieved, above all in the field of foreign trade, with respect to exports and imports. The promise was made that the Federal Executive Council would change many of these things in the price sector for the coming year: from the law, which could never even be enforced [original reads "amended"] to elimination of the insupportable disparities in a whole series of chains of reproduction, to the free formation of prices on "luxury" goods.

What Are We Waiting for

A group of experts has been working for a long time now in association with the Federal Price Community; this group is expected to offer "real" solutions, so that the kind of price policy that will be conducted in the coming year

will be known even this fall. [illegible]lieving in that group of experts and in the finding of solutions, the Fede[illegible]l Executive Council has envisaged in the draft resolution that inflation in the coming year should be 25 percent. On the basis of what we have learned so far this group has done little, and for that reason everything is being put off, we are waiting. Not even the delegates in assembly committees want to debate the resolution before reliable evidence on price policy is submitted to them.

We can illustrate the extent to which the experts have become entangled in these new prices by noting that they have not yet agreed even on who will be competent to approve and monitor the prices of particular products and services. As the situation now stands, which will be difficult to overcome, it is also reinforced by this example: the price of an iron is now in the jurisdiction of the republics, the "cords" for those same irons depend on the Federation, but as for the electric plug--no one knows precisely who it "belongs to." There are those who think that prices have entered a phase where they can no longer be resolved either quickly or easily, which is to say--not at all. That is why Marko Bulc, president of the Slovenian Economic Chamber, advocates a "price reform" similar to the one we had in 1965, when we had a rather significant economic reform and when prices were "worked up" by a team of 120 specialists in different fields and when they worked on this all of 6 months. Yet at present there is no time for such an undertaking, and a transitional solution is being advised, one that would stay in effect until a complete reform is carried out.

Prices and the Budget

The planners envisaged again for this year that our prices would rise at a rate of 25 percent. We can note even now how much they "were off" in their forecast--by about 35 percent. For many people this train of events is not a surprise, they in fact predicted something of the kind as soon as the federal budget for 1983 was adopted in the amount of 261 billion dinars. They warned that such "low" inflation could not be guaranteed for a budget "tailored" in that way. That is why now, when the rise of prices for the coming year is being planned, many are demanding that they first see how much the federal budget will be, and then one can immediately know the level of total budgetary expenditure in the country. That is why there are persistent demands on the Federal Executive Council to take a position so that then the real debates can begin and economic and social welfare policy for the coming year be set forth.

Shaping the government budget is not a simple job at all. All governments in the world, regardless of whether their countries are rich or less rich, have the same or similar troubles. The government whose proposed budget is accepted is for all practical purposes given a stamp to govern for one more year. Even in the parliaments of the richest countries in the world adoption of a budget is an economic and political event, it is becoming a kind of "spectator sport" in which even the general public participates in its way. At one time we had occasion to hear this story: The finance minister of a rich country with oil came to us before his government proposed a budget for the next year to check out once again the story that our federal government

easily "pushes" its budget through the assembly. The minister wanted to discover the "secret" of our Federal Executive Council. We do not know how much success he had or whether he discovered our "secret." We believe, however, that in the situation in which we find ourselves at the moment our federal secretary for finance Joze Florijancic would be glad to get advice from someone.

The accounts--desires and obligations--which have been submitted to the Federal Executive Council [FEC] are such that there is no minister or government in the world who would be able to satisfy at one and the same time all the beneficiaries of our budget and at the same time be fair to the economy and to individuals. That is why it was easier for the FEC to propose the draft resolution than the draft of the budget for the coming year. However, this obligation cannot be evaded, passed on to someone else, although it is certain that the FEC would gladly do so. In a recent conversation with business executives Milka Planinc, chairwoman of the FEC, said that they--the business executives--would not gain anything in money terms if they "abolished the federal government" and its agencies and organizations. Even then the budget for 1984 would be huge, the obligations would be greater than the possibilities.

Vested Interests

Milka Planinc's warning is quite realistic. Were we to really "abolish" the federal government and all its agencies, the budget for the coming year would be about 9 percent less. In a budget which will have to be greater than 350 billion for 1984, that really would not guarantee that we would halt inflation, nor would it give us stable production and expenditure.

The federal budget has been built over the past decade like many investment projects and in the way that all forms of expenditure have been shaped. There seemed to be money on all sides, and all one had to do was to think of the most painless transaction whereby the resources would flow into the federal budget. Those relations are no longer valid, many investment projects are being "mothballed," and spending has been cut back. Why should this not ally to the federal budget as well?

The statements in favor of this kind of orientation sound nice, and it is difficult to oppose them in verbal discussions. Yet when the budget is being "sketched out," the picture one gets does not correspond either to the climate or to the social commitment; the budget is increasing without interruption. The main reason for this is that very precise rights have been granted to the beneficiaries of the federal budget on the basis of laws, plans and agreements.

For that reason, if the federal budget is to be reduced, there first has to be a revision of the rights of the users of those resources granted in laws and agreements. Until the rights are reduced, there are neither theoretical nor practical possibilities of beginning to reduce the budget in coming years; it must only increase substantially. Who are the beneficiaries of the federal budget, and what are their rights?

National Defense

Defense of the country, development of the Yugoslav People's Army [YPA], is a common constitutional obligation of all the republics and provinces. The overall planned development of the YPA is financed from the federal budget; indeed its needs are the largest item in the budget. How are the needs and developments of the YPA being financed?

In accordance with a 1976 social compact, we are supposed to set aside 6.17 percent of the national income earned for defense of the country. It was the joint assessment that that represented our ability at this level of development and that those resources would guarantee Yugoslavia's defense, integrity and independence. The funds were indeed appropriated in accordance with that rate up until 1980. Because of the deterioration of the economic situation members of the YPA themselves proposed that that share in the national income be dropped from 6.17 to 5.80 percent, and in that connection they pledged that this reduction would not affect the development and readiness of the armed forces, that the economy would be achieved through more efficient work and conduct of business. Since the economic situation in the country did not improve that year, but on the contrary, members of the YPA again waived their right, and the share of the needs of the armed forces in the national income was dropped from 5.80 to 5.20 percent. It is at that rate that funds were appropriated last year and this year. Or more precisely: they were so planned in the budget, but in actuality they were much less, only slightly more than 4 percent.

Can the resources to meet the needs of the YPA be reduced for the coming year when the budget is shaped, could they be at a lower rate than 5.20 percent of the national income? We hold that those possibilities are small, nonexistent. After all, when one bears in mind that supplies and equipment have to be imported for the needs of the armed forces and that the devalued dinar has to be made up for here, then the space for some reduction of funds is very restricted on that basis. Nor can funds be reduced on the basis of the plan which has been adopted for development of the armed forces. The international situation itself, the general arms race, demands vigilance and caution; we dare not sit with our arms crossed either. For many reasons like that it is easy to conclude that appropriations for the armed forces ought not to be in a smaller proportion than agreed, than 5.20 percent of the national income.

The Example of the YPA

It is not out of place to recall that members of the YPA were the first and only ones among the beneficiaries of the federal budget to voluntarily renounce the rights which they had acquired, to accept to share the burden of stabilization with the workers. They consciously gave up many things they would like to have and many rights, and they moreover went much further in this: they drafted a program for development of their own "minifarms"; they are furnishing some of their own food and they are therefore asking for less money from the federal budget with respect to that item. We have had occasion to personally see for ourselves how much is being done on this in the YPA during visits to several of these "farms," and we have heard from

Adm Tihomir Vilovic that our naval units, for example, are getting all their meat supplies from them.

The members of the YPA can serve as an example to many people, especially to beneficiaries of budget funds, when it comes to monitoring economic conditions and to sharing in the stabilization, as well as optimality and realizing additional resources. There are some who think that the YPA could provide still more significant additional resources through its own activities. We agree with those who express the opinion that in principle the needs of the YPA should be financed solely from the federal budget, that this is in the interest of both YPA personnel and also the general public.

Another sizable constitutional obligation is supplemental financing of the less developed republics--Bosnia-Hercegovina, Montenegro and Macedonia, and the Province of Kosovo--in the aim and out of a desire to overcome differences in development as quickly and successfully as possible. The less developed think that they are getting little, but those who are appropriating it think that this is too much. In this year's federal budget the resources for the underdeveloped had a share of 19 percent. This is again a right acquired and in effect until the end of 1985. Can these resources be reduced in the budget for next year?

Everyone Is Dissatisfied

The less developed easily and quickly prove that their lag is growing all the time, that at the end of the present planning period those differences will be greater than at the very beginning, which is, of course, to their disadvantage. In this connection it is easy to calculate that the underdeveloped have also been "renouncing" their rights for 2 years and have been receiving smaller amounts than agreed relative to the social product earned of the entire economy of Yugoslavia. When they speak about their destiny in development, the representatives of the less developed republics in Kosovo present in dramatic fashion the consequences of that policy, which could indeed take revenge on the entire community.

The less developed say that they are "returning" much more to the advanced on the basis of raw materials, energy and the market ... than they are receiving as additional resources for more rapid development. And the advanced are convinced that their own "sacrifices" are too large, that they ought to be reduced, and certain republics believe that they should be exempted entirely. Can we expect a reduction of the budget for the coming year on this basis?

The welfare of disabled veterans is also financed through the federal budget. These funds, along with the old-age pensions of military personnel, represent the second largest item in the budget, immediately after the needs of the YPA. The veterans fought at one time for their legal rights to be guaranteed by the Federation rather than by the republics and provinces individually. In recent years there has been "stinting" with respect to this category of beneficiaries of the budget as well, and they are also dissatisfied. Can the economic stabilization be carried out at the expense of the elderly war veterans?

Appropriations on the basis of these three items--for the YPA, veterans' welfare and the underdeveloped--amount to more than 90 percent of the federal budget. Since no one's rights have been revised or amended, the conclusion is inevitable: the federal budget for next year must increase at a rate of at least 35 percent. If there is not to be "stinting," that increase should indeed be greater than 40 percent. What, then, can the FEC propose?

Various schemes are being devised at the present time. The budget is based on the rights and obligations of the FEC toward the users of the resources, assuming there are no changes in the sources of resources for the budget. The main revenue going directly to the federal budget is the basic turnover tax. About 50 percent of total resources are collected on that basis. Customs and import charges are the second source. The FEC has already made its decision: tax rates and customs duties will remain the same as this year, there will be no increase. But revenues on that basis nevertheless will increase considerably on the basis of the sales price. The difference between the revenues and expenditures of the budget formed in this way is financed by the contribution of the republics and provinces. These contributions vary depending on the social product realized in each republic and province. Croatia, Serbia proper and Slovenia set aside funds on this basis, and Montenegro, Kosovo and Macedonia furnish the least. This mechanism of appropriation to the federal budget is functioning normally, and no one is dissatisfied here. The assessment is that this is the fairest mechanism.

It is estimated that the budget for next year ought to be about 350 billion dinars in the "tightest" version. Those resources would not altogether cover the rights of any beneficiary of the federal budget, it would not even cover the needs of the YPA. If the present rights of beneficiaries were fully respected, then the budget would have to be larger than 370 billion dinars. When we realize that the budget adopted for this year amounted to 261 billion dinars, the increase of about 100 million dinars cannot be without consequences, above all for the rate of inflation.

The federal budget cannot survive even this year unless the delegates in the SFRY Assembly rebalance it, unless the budget is increased by about 17 billion dinars. Without those additional resources the Federation cannot discharge its obligations, and it owes the republic and provincial communities more than 7 billion dinars for the welfare of disabled veterans alone. The FEC has sworn that it would discharge its obligations. That no one would be left owing. But the question of "loans" is still more dangerous than it appears at first glance. There are those who think that the sociopolitical communities should be given the same treatment as other beneficiaries of public funds; if they do not fulfill their obligations on time, then let their giro account be blocked. With that line taken, then the Federation could go into bankruptcy and its account could be blocked.

[Box, p 9]

Own Resources

The federal budget also contains an item referred to as the "own" revenues of federal agencies and organizations. Those resources are not large, about 2

or 3 billion dinars, but they are not negligible either. Where do those "own" resources come from?

These are resources collected on the basis of customs, foreign exchange and other violations.

In recent years federal agencies have truly been involved in some useful activities, through the National Bank, for example, so that one can actually speak of resources of their own which go directly to them. But those activities have died out altogether. Would it not be possible to bring them to life, so the contributions to the budget would be reduced?

Veterans, Heroes ...

We now have 476,000 veterans receiving pensions and 220,000 disabled persons, the veterans themselves and members of their families.

In addition, there are 19,156 living recipients of the "1941 Commemoration Medal," 304 national heroes, 84 who fought in Spain, and 25 holders of decorations from World War I.

About 1 billion dinars a year are set aside for disabled veterans to receive treatment in spas.

[Box, p 10]

Reduce the Budget?

Specialists of the Federal Secretariat for Finance use a tabular survey to prove that the funds for the federal budget are diminishing relative to the social product, not increasing. Here is how this looks from year to year, in billions of dinars:

Indicator	1976	1977	1978	1979	1980	1981	1982	1983
Social product	592.3	733.9	901.3	1,164.0	1,536.0	2,120.0	2,807.0	4,006.0
Federal budget	60.7	71.2	80.8	102.0	132.0	169.4	199.0	261.6
Share of the budget, in %	10.2	9.7	9.0	8.8	8.5	8.0	6.9	6.5

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CSO: 2800/86

FEC MEMBER DISCUSSES ECONOMIC STABILIZATION PROGRAM

Sarajevo OSLOBODJENJE in Serbo-Croatian 5 Nov 83 p 6

[Interview with Nedeljko Mandic, member of the Federal Executive Council, by Bransialv Boskov: "A Test of Readiness for Stabilization"; date and place not specified]

[Text] [Question] The draft of the resolution on the country's development in 1984 is preoccupying attention and the discussion of this document is increasingly fervent in the SFRY Assembly and among business executives in economic chambers, and it is being debated by delegates in the Socialist Alliance and the Trade Union Federation.... A number of suggestions, proposals and critical remarks have been expressed in this, and all is directed toward contributing to formulation of a resolution which will constitute the move from words to deeds with respect to implementing the Long-Range Economic Stabilization Program. We asked Nedeljko Mandic, member of the Federal Executive Council to what extent the draft of the resolution actually represents a concretization of the long-range program ..., that is, in what respect it differs from earlier annual plans?

The Program as a Point of Departure

[Answer] The situation and problems in our economy, and indeed the state of mind are such that there has to be an increasingly strong move from words to deeds. Readiness to do something concrete is becoming an important criterion used to evaluate what people are doing and how consistent they are with the Long-Range Economic Stabilization Program. It is from that standpoint that the public is looking at the resolution for 1984 and all the measures being proposed.

In view of this practical part of the tasks, which are very extensive and complicated, and actually so that we might perform them properly, it is very important for us to bear in mind the essential commitments contained in the economic stabilization program, so that they are our point of departure in the conception of all measures.

The economic stabilization program has been very well received. It has been given universal support, and great unity has been manifested in that connection. However, if the ability to act and readiness to implement it are not

forthcoming, the consequences would be almost beyond reckoning. It is only when all the activities and patterns of behavior related to the economic stabilization program are looked at from that standpoint that people's readiness to implement what has been agreed on is shown in its true light. This kind of readiness and determination does exist, all things considered, but there are also certain characteristic patterns of behavior and tendencies to which attention should be turned.

[Question] What are those patterns of behavior?

[Answer] From the moment this summer when the economic stabilization program was very widely accepted and supported (let us recall all those who gave unreserved support--the LCY Central Committee, the SAWPY, the SFRY Assembly, the Federation of Trade Unions, and all others) and up to the present time, that is, over a relatively short period, certain interesting features have emerged of what we usually refer to as the "short-term political situation." For instance, we should see whether that general enthusiasm aroused by the appearance of the program is not deflating a bit. The program is being looked at more and more from the standpoint of the ability to act and determination to implement it. Concrete and timely undertakings are required in logical sequence. This is the test which we must pass. I do not believe in halfway results, since the logic of the economic situation and indeed the program itself do not take them into account, nor would they be acceptable.

Then there are also certain indications of real unity. It would be intolerable for the unity which has been shown concerning the Long-Range Economic Stabilization Program to be jeopardized. The program has been given strong public support precisely in the belief that consensus has been achieved concerning its basic commitments; that we have finally come to an important and unified platform based on the interests of all in Yugoslavia--the republics and the provinces, associated labor as a whole, the working class and all the working people, to overcome formidable economic difficulties; that we are reaffirming certain postulates and values of socialist self-management; and that we are achieving new qualitative aspects in social relations. That is why, in my opinion, we should count on ever stronger reaction on the part of the working people and the entire public to possible attempts or tendencies to reopen the discussion as to principles, to go back to the beginning, and so on. Such demands are altogether unjustifiable, and least of all can they be justified by the fact that someone has not "read" everything written in the Long-Range Economic Stabilization Program.

Or, take the question of a realistic approach to implementing the economic stabilization program. There is a need to clarify this in still more detail, but speedily and without procrastination, so that we can precisely distinguish certain conceptions and patterns of behavior. We should not forget for a single moment that this is a long-range program which requires both efforts and time. Any hastiness or insistence on a quick fix--especially for them to be furnished in a resolution covering 1 year--are not realistic and may cause undesirable illusions and a distorted conception of what is possible in the given situation. On the other hand the "long-range nature" of the program also cannot be an excuse for overlooking that decisive undertaking which is

defined as the "first phase." Indeed there are also practical difficulties here. It has been explained in principle what the first phase would be in terms of time and scope, running up through 1986. As a practical matter all this has not been spelled out to the point of feasibility. I believe that even the draft resolution proposed for 1984, for all the efforts being made to appropriately define the first phase of carrying out the economic stabilization program, cannot satisfy realistic and justified expectations. The first criticism suggests the conclusion that the draft resolution contains important defects in that respect.

Conditions for the Conduct of Economic Activity

[Question] In all the debates to date concerning the resolution for next year it has been said that the conditions for the conduct of economic activity must be known at the very outset of the year. Is it realistic to expect this in view of the little time that is left?

[Answer] This is an issue which always raises the temperature. There is criticism of the quality of the economic measures on which conditions for economic activity depend, and they are said to be slow in coming. In the past this has always been done late, and, what is worse, they have mainly been inconsistent measures. It remains to be seen whether we will successfully resist that inertia this year.

The time factor is very important, since many measures are of little benefit if they are not properly timed. The economy is always demanding approximately this: "Give us the conditions for the conduct of economic activity in time." I have said that so far the measures have always been late, have been [sic] thoroughgoing and appropriate, and the economy has been left to "take what we can get." Under such conditions, when important measures are proposed and adopted in haste, possibilities to ensure their adequate quality are narrowed.

The unfavorable economic situation and problems, along with the tendency for the disruptions to become worse, have been carried over from year to year, and this has had a strongly adverse influence on socioeconomic relations as well. This deep-seated inertia must be done away with. The stabilization program objectively offers an opportunity to do this now insofar as the realistic nature of the initial phase affords. It is already clear that we are late in proposing certain changes in the system. Perhaps that tardiness will to some extent be made up for. A far greater problem is the quality and range of those measures and changes. There is talk about price disparities, foreign exchange transactions and foreign economic relations, domestic illiquidity, distribution, anticipated spending based on inflation, and so on. There is also talk about the need for radical changes at all these points of conditions for the conduct of economic activity. All of these problems, depending on the character of the solutions, pertain directly to conditions for reproduction--for the material and self-management position of the workingman and the economic entity in the system. All those measures and solutions will have manifold influence, positive or negative, on the economic and social and self-management position of the working people, depending on the direction they are given.

[Question] Why is it that you so emphasize the quality of the measures which in everyday life we refer to as the conditions for conduct of economic activity?

[Answer] Equal conditions for the conduct of economic activity have been an urgent issue with us for a long time. Nevertheless, the problem has become more complicated as time has passed, and the material and social relations have become very much disrupted. The tendencies and practice of unjustified siphoning of income, creation of excess income, have gained strength, sources of income based on inflation have become stronger, and on that basis there has been a frenzied race to boost prices. Labor productivity and other qualitative factors in economic performance have been pushed into the background. This practice has struck down deep roots, and cutting them is no simple matter.

If all this is born in mind, then we must all think seriously about the justified demand that appropriate conditions for the conduct of economic activity be provided for as soon as possible. In view of the complicated nature of the jobs and tasks to be done, we must seek help and support precisely in the stabilization program. It is very important that we do not fail from the standpoint of the essential commitments. Of course, what has accumulated and become more complicated as the years have passed cannot be removed in a single stroke. For that matter objectively no one can even demand this. Yet there is reason to fear that inertia which does not allow a radical break with the old practice and vested interests. This is where I see the need for a determined and uncompromising struggle for appropriate conditions for the conduct of economic activity; I see the need for a fuller clarification and for arriving at unified views concerning the practical steps which will signify essential changes in the spirit of the economic stabilization program.

[Question] Are there differences between the present debates concerning the resolution and those conducted last year and previously?

[Answer] Judging by certain features or accents, there is almost no difference whatsoever in these discussions. That is, in earlier years we were also preparing resolutions weighed down by the burden of inflation and economic instability. To be sure, we did not have the Long-Range Economic Stabilization Program as we do now, but we always alluded to the policy of economic stabilization and knew approximately what it essentially meant and what sort of requirements it imposed. In earlier years the discussions were also very critical, and yet the resolutions did gain unified support. They were adopted without complication in a belief that they were on the course of economic stabilization. There was hardly a single annual overview of the state of the nation which let the occasion pass to emphasize how precisely the "coming year would be the watershed year."

Of course, all those efforts did yield certain results, and I would not speak about them at length. I want to go back to that indispensable "radicality" or "change of direction" which, in spite of all the efforts, we have been unable to achieve in the sense of stopping or halting the very strong trend of inflation. The stabilization program and all authoritative political assessments have taken note of this fact.

No Postponement

[Question] Will there be guarantees of this in the coming year and those that follow?

[Answer] In essence many discussions do not differ even now from those in the past. However, the situation is pushing us to the wall ever more powerfully and is not leaving any room for further postponement. This is the fact we must dwell on, and we must see quite seriously whether this is so, whether we are all sufficiently aware of those circumstances, and whether that decisive step will be taken toward stabilization of our economy. This is what we define as the first phase.

Things went relatively easy as long as the fundamental commitments contained in the stabilization program were being reiterated. But now we are confronted with the strong and justified demand that we devise concrete and operational solutions which will signify changes. So, here we see the difference. Perhaps it has not been set forth clearly enough in the draft resolution. But it is after all easy enough to write it. It is very important what else we write down in the resolution in the sense of greater clarity and concretization, but far more important is what will be done in practice. As a matter of fact, it is here that I see the stone which must not become our stumbling block. We obviously will have to perform that part of the task in a very short period of time, and that makes the responsibility for quality all the greater.

The causes of the economic problems are well known, and the long-range program has also indicated the directions which should be taken. Now that the first steps are being taken, however, there are those who say that new and more thorough analyses need to be made, that the causes need to be sought....

There is an authentic need to point up certain controversies concerning the economic stabilization program which could cause confusion. For example, it is thought by some that the anti-inflation program has already been superseded to some extent. Once again the demand is being made that we should analyze our economic situation and the causes of the disturbances more thoroughly. As if the stabilization program were not based on adequate analyses of the situation and of the causes. Certainly the stabilization program is not the last word in all of this, but we must abide by it. After all, in our problematical economic conditions it signifies what we might call a platform, an indispensable platform on which we must all come together and jointly find ways out of the difficulties.

The program also has its time dimension and urgency, so that it will not tolerate being kept for a long time in the drawer. Unless sufficient consideration is given to this, it truly could become out-of-date. It is not a matter of indifference when some important undertaking is implemented, whether in 1984 or 1986, or perhaps even later. The sequence of the moves and their timing are very important.

Precisely for that reason I am pointing the need for us to be more lively and polemical in clarifying all the issues. In that way the dilemmas or things which are not clear--or certain other matters--will be brought out into the open. Nothing must be left as an ember under the ashes concerning these undertakings, which I deem to be decisive. I am, of course, absolutely in favor of a realistic approach. Any hastiness or superficiality in the sequence of the moves could have undesirable consequences. That is why I advocate evaluation of all initiatives and rapid reconciliation of differences so that the results are the best possible.

[Question] At this point the economists are in a rather critical mood, and it also seems that they are coming out fairly unified in their assessment of the proposals contained in the draft resolution.

[Answer] At this time, when admonitions are being made to the effect that things are going slowly, that we do not have our bearings, that perhaps we are hesitating and are indecisive, there are sometimes emphatic assertions on behalf of the economists concerning their unity in evaluating the economic situation and the times, as well as concerning the requirements as to what should be done as a practical matter to overcome the disturbances. I would immediately emphasize the important role and valuable assistance of the economists in arriving at assessments of the situation and in drafting the long-range program, but there are reasons to begin to talk about their unity.

That is, there should not be much boasting about unity among the economists, since important differences still remain among them concerning certain issues. Those differences are a normal thing, since they are an expression of the right for specialists and scientists to take different views and to defend them tenaciously. However, the way in which that unity is sometimes accentuated can be a nuisance. People are persuaded in this way that everything is unified and clear among the economists, and that there is nothing but to wait to see what will be done. I do not say that this is a widespread conviction, nor that someone has spread it intentionally, but that sometimes one gets the feeling that the situation is being oversimplified unnecessarily and the mistaken idea being created that resolution of this complicated economic situation depends now only on someone's goodwill. I am intentionally dwelling on this relation: the stabilization program as a long-range orientation and its practical aspect.

I only want to say that the problem--and this is showing up quite clearly at the present time--is more complicated than it sometimes appears. It would be a great mistake if one got the impression that the stabilization program had clarified everything to the point that it can now be simply implemented. Even this so-called operationalization requires a very high degree of specialized competence and creativity, and that means both time and great effort.

The job is especially complicated and those who are working and making decisions here--the elaborate mechanism of self-management is involved, and there are many decisionmakers--is especially great because this work has to be excellent and effective. I deem the value of the stabilization program to lie particularly in the fact that it has offered clear directions and a clear

framework, and for certain issues it has also provided very decided and concrete positions. That is why we must constantly go back to it, we must jointly interpret it, we must if necessary quote from it, so that we see whether we are doing what is good and consistent, since we all have a difficult test ahead of us.

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FRAGMENTATION OF ELECTRIC POWER SYSTEM TRACED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1712, 23 Oct 83 pp 17-19

[Interview with Dr Hrvoje Pozar, professor in the School of Electrical Engineering at Zagreb University and member of the Yugoslav Academy of Sciences and Arts, in Zagreb, by Jug Grizelj: "The History of Our Divisions in the Energy Field"; date not specified]

[Text] We held the interview concerning our energy difficulties a few days ago in the right place: in Zagreb, on a convincing stage set of total darkness because of the extensive restrictions throughout SR [Socialist Republic] Croatia, where every third day the electric power is being cut off for 9 hours, that is, in a situation which all regions of Yugoslavia are familiar with. Unfortunately, not all equally and not all at the same time, which is why we have not all of us been equally concerned at the same time, nor have we shown solidarity. Nor do we have in fact much chance of the latter.

One of those most familiar with the Yugoslav fuel and power industry, Dr Hrvoje Pozar, professor in the School of Electrical Engineering at Zagreb University and member of the Yugoslav Academy of Sciences and Arts, is one of the small circle of those scientists of ours who are familiar with the details of the situation in this field, and he feels that he dare not conceal his concern. By contrast with many of our most influential figures, he is profoundly aware of all the disturbances which arise in the life of a country when there is not enough energy. He says: just as the armed forces are a guarantee of the country's security and independence, so the fuel and power industry are the backbone and foundation of functioning of both the economy and of life as a whole.

"I am convinced that there are few people who are aware of the serious consequences of the discrepancy between the demand and the supply, especially in our electric power industry. I think it is not yet altogether clear to us that electric power is a condition for the survival of the civilized world."

[Question] You, professor, headed the subgroup for drafting the development strategy of Yugoslavia's fuel and power industry of the Krajger Commission. In the conclusions of your analysis you took note of quite a few bitter truths. Recently especially, and that from all republics and provinces,

there has been confirmation of all those conclusions of yours and criticism of the ineffectiveness, of the lack of joint planning and of the disunity in our electric power system; in particular of the construction of indeed eight load control centers instead of three, which would have been the optimum number. The conclusion is drawn from this that much more could have been done with the same money that was invested, if there had been more wisdom and agreement. How much truth is there in the assessment that the shattering of the unity of the Yugoslav electric power system was unfortunate for the development of that system?

The Divisions Were Not Invented by the Electric Power Industry

[Answer] I must say first of all that the partialization of our electric power industry is not a consequence of the ideas or demands of the electric power industry, nor is this situation of disunity characteristic only of our electric power industry. Is there any need to say anything more in general terms about this, today when we have already crossed that threshold? From the standpoint of science and indeed of practice, it is quite certain that a large system is always better, more efficient, and cheaper than a small one, just as it is clear in theory that the optimum of a large system is better than the sum of the optima of smaller systems. But, that is the present situation, and the question is whether more can be achieved with the existence of our eight partial systems than has been up to now? I am certain that it can.

You have today, say, in the United States 13 or perhaps even 15 large electric power systems, each of which is larger than all 8 of ours together, but there they have no problem whatsoever of collaborating with one another. To be sure, in the fierce war for profit, they fight to cut back costs and to augment profit, but there exist among them such precise and firm agreements and there is such exchange of information about the situation of possible reserves of generating capacity that a change or a sale of power is a matter done without any sort of disruptions. Of course, with them, as indeed throughout the market economy world, electric power is a commodity, though it has a special status, electricity has its market price, there are the economic laws of supply and demand, and everything is regulated without either the use or abuse of the concept of solidarity. The accounting is extremely exact and is based on mutual benefit.

Why in a socialist society we are unable to collaborate at least approximately that way I am unable to say, except that I am certain that a great deal of the skirmishing among our republic and provincial load control centers is always a consequence of certain old accounts which were not settled, above all of the fact that in our country electricity has never been an economic category, that its price has always been depressed. This has been constantly explained in terms of "general interests," but now it is clear that this is neither a general nor an individual interest. It is not, then, a tragedy because of the eight load control centers, although it is certain that three centers would have been cheaper and would have handled the whole job. The main problem is that in relations among our systems there is little use of the pencil, of economic logic and of goodwill. But when we think of

what might have been--we actually did not do that poorly: back when there was discussion of decentralization in the electric power industry, there were even proposals that every generator be a separate OOUR [basic organization of associated labor]! The load control centers about which there is so much talk now, you know, are nevertheless a lesser evil than building power plants without thorough preparations, which has been almost a rule with us, and what is more machines which do not suit the system are also chosen. Still greater harm occurs because every one of our electric power plants is usually built by a new investment group, which always begins everything from the beginning, so that even the mistakes made previously are repeated; originality is demanded where there is no place for it; standardization of technology is avoided, though we should all have striven for it precisely on behalf of the industry itself and on behalf of the system's reliability; trips are made, there is no end to the travel, it is even said, and not just in the electric power industry, that no project can be built unless there has been sufficient travel in connection with it.

You see yourself that the existence of eight load control centers is practically a trifle in all this. Indeed if the centers truly did their job, monitored the network better, guaranteed delivery of good power, or if only once they would help to prevent a breakdown of the entire system such as occurred 2 years ago, they would be beneficial. I can tell you that even in such pronouncedly centralized systems as in France, they also have a number of regional load control centers. So, let us leave them to one side, they are not the main problem.

A Survey of Our Errors

[Question] Can you give us a brief survey of the development of the organizations of our electric power system so that the public would know how we got into this situation?

[Answer] Up until 1955 the electric power system in Yugoslavia was unified, and the planning of consumption and production was also unified. In that year, with the intention of organizing the system along the lines of self-management and of bringing it closer to the final consumer, it was mechanically divided up into several, ultimately eight, electric power industries. Unfortunately, it is since that time that the main difficulties have arisen both in planning and also in financing new sources of electric power. Simply after the long years of automatic unified gathering of resources, after the habit over long years of the "government" building the power plants, neither the opstinas or associated labor grasped the importance of investing in new facilities. Since investments in energy are anyway the most expensive investments in the economy, a crisis occurred, especially since electric power was thrown onto the free market--but without the right to set its own economic price on its product. That is how it came about that the republics and provinces took over responsibility for meeting needs exclusively within their own territories, and by and large they also built only on their own territories.

Until mid-1970 Yugoslavia annually augmented its electric power capacity by between 10 and 14 percent, but since that time the annual increase has not

been greater than 8 percent. However, it would not be good for us to idealize that time before the system was broken up. Even then when we had a unified ele --ic power system, building was not always done where it was cheapest and best, but at that time everyone pulled for the building to be done on his own territory. Our cases of disunity in the electric power industry are not so recent as it is thought. The difference is only that earlier there was little or no talk about it.

[Question] How do you explain that in our country, since 1973, by contrast with the rest of the world, we have increased the share of petroleum products, that is, residual furnace oil, in energy consumption, and reduced the share of coal?

[Answer] It is incredible how sluggishly we react! What is especially disturbing is the fact that there were only three other socialist countries that reacted as slowly as we did. How is one to explain this except in terms of our general sluggishness in making decisions? In the disunified system that we have created, in which everyone answers for himself, and often does not think of the country as a whole, in the absence of a defined Yugoslav fuel and energy policy, and in the absence of economic criteria, everyone has mainly built on his own territory, aiming to resolve his own individual problems. In all that time there were also attempts and efforts to build what was cheapest and best, but the collisions and the disagreements were greater than the desire for optimality.

The sources of the cheapest energy in our country, both from lignite and hydropower, are located in what is referred to as the eastern and less developed part of Yugoslavia, while the demand for larger amounts of electricity is predominantly in the western and more advanced parts of the country. A conflict immediately flared up which has so to speak not been resolved even up to this very day: consumers in the western portion of Yugoslavia have accused and are accusing those in the eastern portion of selling them expensive power and of blackmailing them, while those from the eastern part are constantly pulling out arguments to the effect that the more advanced part of the country wants to go on developing on the basis of cheap power from the eastern portion. The quarrel has lasted for years. Since they were unable to agree, and I have said several times in this interview that the main reason they were unable to agree is that power has never had its economic price in our country, those from the western parts--which have neither lignite nor water--then began to build what appeared to be cheaper power plants fired with liquid fuel, which soon proved to be catastrophic both because of the oil crisis and also because of our chronic shortage of foreign exchange. So now you see: we did not agree, we all end up losers, both those in the west and those in the east--there simply are no winners....

The Sequence of the Moves Is Clear, But ...

[Question] If you "power people," experts, were now given the task of drawing up a long-range plan for construction of our electric power system, in what order would you build? Would it be possible to define this precisely?

[Answer] Listen, if that depended only on the power engineers, there would be no problems whatsoever, since the dilemmas in this area are minimal. From the standpoint of Yugoslavia as a whole, and that means from the standpoint of every part of Yugoslavia individually, our first interest--and this in fact we wrote down in the materials of the Krajger Commission--is to make use of the hydropower which we have and that should be done in the order dictated by the optimal characteristics of the water. We have in our rivers (those whose exploitation would pay off) another 25 billion kwh or so. That is not much, and this would be consumed, in view of the growth of our annual demand, in about 5 or 6 years, which certainly tells us that they were not right when they taught you in school that we have abundant sources of hydroelectric power. But, fine, that is the optimum, and that should be built first. First would be the Drina and its tributaries, which affords between 8 and 10 billion of those 25 billion in one entire system of some 20 hydroplants. Then we have some good water on the Vardar, something on the Neretva, something more on the Drava, a bit on the Kupa and Morava, and that is all. That should be built at once. I absolutely do not understand the dilemma here: hydroplants, however expensive they might be to build, are cheap to operate. Aside from that, hydroplant construction employs a great deal of manpower, and you also use all the equipment from domestic manufacturers.

[Question] Fine, and what happens when we use up the water?

[Answer] Alongside the use of waterpower, we should build thermal electric power plants, but not for brown coal, but for lignite, and that first of all in the triangle Kosovo--Kolubara--Tuzla. But here is something else very important to realize: even our sources of lignite are not inexhaustible! If, say, we were now to undertake to build only thermal electric power plants fired with lignite, we would consume all our reserves in about 20 to 25 years. Aside from that, it is a great question whether we should in fact burn all that coal to make electric power? I think that we should not. A part of that coal should certainly be turned into gas, especially if power plants are being built for residential heating, since electricity for heating obtained from lignite is too expensive and uneconomical. It is much more economical to turn that coal into gas and obtain residential heating directly, especially since the gas can be transported, and the lignite cannot. Aside from that, we also have to use a part of that lignite in the carbochemical industry.

Are Nuclear Power Plants Needed?

[Question] After water and coal, then what?

[Answer] There is no dilemma here whatsoever: nuclear power plants. It is, of course, extremely important that we do not experiment with the nuclear power plants and do not invest in any sort of long-term research. The first four or five nuclear power plants which should be designed in a relatively short period of time should quite certainly be built to the same technology, as like one unto the other as one egg to another, and after that, over the next 10 or 15 years, we could see what we shall do and how we shall go about it and what is being done in the world, and then we can build some other type,

which again would be standardized. This problem of standardization is a terribly serious question. Not just for nuclear power plants, but also for thermal power plants. Not only because of the system's reliability, but also because if we want our industry to build our power plants, we have to give it a chance to do one after another of the same type. I think that a public body at the level of Yugoslavia must prescribe all the technical specifications which must be adhered to by all those building power plants.

[Question] Is there a possibility of new sources of energy being built with joint resources on the basis of pooled labor and capital?

[Answer] There are big problems here. Why is it that no one wants to build or to participate with his capital in the construction of any power plant outside his own backyard? First, because that portion of accumulation which he invests in some project outside his own region and republic he loses as a rule. There simply has been no resolution of the question of the return on capital, nor management, nor accumulation of the newly created value, but rather as a practical matter investments in someone else's community signify a loss in our country both of depreciation and also of past labor. After all, you no longer have any control whatsoever over capital invested outside your own territory. And then all the contributions and taxes collected on production again go to those on whose territory the project is located, and thus again you get the short end of the stick. Of course, whenever a power plant is built, the host "labors" to get some minor--or, by God, even sizable infrastructure which he gets the money for from the power plant. So that is why everyone retreats into his own backyard, even though that is more expensive and less economical.

[Question] One thing is not clear to the public: Is our electric power system unified from the technical standpoint?

[Answer] It is technically unified, there is no Chinese wall. Technically our electric power system is an integral part of the West European system, which extends from Greece all the way to Portugal and to Sweden, and power flows at the same frequency throughout the entire system. There is no problem there. The problem is that I control my power, you yours, and since we cannot agree about anything, I am in a position not to give you power even when I have a surplus. There have even been cases when water was going over the spillway at the hydropower plants, but they did not want to release power to another region, since the potential customer did not want to pay the market price. Aside from that, there is good reason to suppose that there have also been different situations when it was possible to sell power to another system both from hydropower plants and also from thermal plants. But this was not done, once again because of disagreement about prices. This is truly a scandal: we agree more easily with the Austrian and Italian load controllers--we have no difficulties with them whatsoever, but only with one another, although as a rule power plants do not represent competition from one another anywhere in the world, nor in our case either.

Celebrating the Anniversary of a Disagreement

[Question] Professor, a year has already passed since you turned over your part of the Krajger material. Has something been done, has there been some change, are we less sluggish?

[Answer] Virtually nothing, unfortunately. A few days ago the Federal Executive Council adopted an order--late, very late--in which once again it prohibited the construction of projects using petroleum and petroleum products. We have also heard that a proposal is outstanding to the effect that provision be made in the resolution on development for the coming year that agreement "must" be achieved on construction of power plants on the Drina, but I am afraid that these are not matters which can be resolved in resolutions. The debates on construction of hydroplants on the Drina and its tributaries have unfortunately lasted longer than 25 years: we might indeed celebrate the silver anniversary of the disagreement. Aside from that, nothing essential has been done as yet to carry out the strategy adopted for long-range development of the fuel and power industry in Yugoslavia. Nothing! Everyone is "for," everyone applauds, but nobody enters into agreement and no one undertakes to do anything. Only a few days ago did the discussion begin on the plan of measures and actions to carry out the conclusions contained in that strategy. But we no longer have any need for discussions, nor for new documents, what we need is action.

[Question] It cannot be said, then, professor, that the picture of the situation in our fuel and power industry is one to make us calm and at ease?

[Answer] I think it is high time that we stopped worrying about whether we are talking "calmly" or "restively" about these essential commitments to the development of Yugoslavia, but rather speak clearly and truthfully to the broad public, however bitter it might be!

[Question] And the last question: Are there shortages of electric power like ours in the advanced countries or in the developing countries?

[Answer] No, those are events so rare that they are treated like natural disasters even in countries where planning is at a lower level than in our case. You know, over there the power plant is an economic facility, a commodity being sold on which one earns or loses. Why, then, would someone refuse or forego profit!? Of course, I am speaking about countries in which the laws of a market economy prevail. Aside from that, in all those countries they are profoundly aware of the fact that present-day civilization is altogether dependent upon electric power. You see, we often resort to restrictions. Those restrictions are absolute nonsense which have only some psychological significance. Enormous harm is done, and the savings can never be greater than 3 to 4 percent. Is it after all possible that we could not plan for those 3 or 4 percent in good time and replace it with some other form of energy? Unfortunately, in our country a virtual patriotic parade is made of the restrictions, but yet at the same time we are unable to systematically teach people to conserve energy.

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